Austria .... Sch. 15	Indonesia .. Rp 1600	Philippines . Pes. 20
Bahrain .. Din.0.650	Italy .... L 1100	Portugal .... Esc 65
Belgium BFr.35	Japan Y550	S. Arabia .. Rls 6.00
Canada .... C$2.50	Jordan .... Fils 500	Singapore . S$ 4.10
Denmark .. Dkr 7.00	Kuwait .... Fils 500	Spain ...... Pta 95
Egypt ..... E£1.00	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Finland .. Fmk 5.00	Luxembourg . LFr 35	Switzerland . SwFr 2
France .. FFr. 5.00	Malaysia .. Rin 4.25	Tunisia .. Din 0.800
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 130
Greece ...... Dr 55	Netherlands . Fl 2.25	U.A.E. .... Dh 6.50
India ..... Rup. 15	Norway .. Nkr 6.00	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 28,987 Monday January 31 1983 D 8523 B

Rescheduling: the new way with debt, Page 14

NEWS SUMMARY

GENERAL

Kohl will press Bush for summit

Chancellor Helmut Kohl plans to impress upon Vice-President George Bush, who starts a tour of Western Europe today in Bonn, West Germany's urgent interest in a Soviet-U.S. summit meeting to give impetus to talks on nuclear disarmament in Europe.

Mr Bush will be visiting the five countries which could be called upon to take the new intermediate-range U.S. missiles. **Page 16.**

Turkish Foreign Minister Ilter Turkmen flies into West Germany today for talks about his country's troubled relations with the EEC, and the problems of Turkish workers in Germany.

Beirut battles

Artillery and rocket battles erupted round Beirut in the heaviest fighting since the Israeli invasion. **Page 16**

Iranians killed

Six Iranian revolutionary guard commanders were killed by Iraqi fire while visiting the Gulf war front.

Gandhi reshuffle

Indian Premier Indira Gandhi carried out her eighth Government reshuffle since returning to power in 1980. Only one Cabinet Minister, Kedar Pandey (Irrigation) and seven junior ministers were replaced.

Belgian crisis talks

Belgium's Cabinet held emergency talks, with coalition parties divided over the blocking of the appointment of a Francophone (French-speaking) militant as mayor of an officially Flemish commune.

Polish amnesty call

Poland's Roman Catholic leaders called for an amnesty for those convicted under martial law to create a favourable climate for Pope John Paul's visit this summer.

Clark to resign

Former Premier Joe Clark will resign as leader of Canada's Progressive Conservatives, but says he will stand again at a party convention. **Page 2**

Journalists dead

Nine journalists have been found dead in Peru's Army-controlled guerrilla zone. Officials said peasants had mistaken them for guerrillas.

Nuclear pylon blast

An electricity pylon near Basle, carrying power from a Swiss nuclear energy plant to France and West Germany, was blown up.

Singapore rescue

Helicopters rescued 13 people stranded in cable cars over the sea for more than 10 hours in Singapore after a ship-mounted oil rig hit the cable system. At least seven were killed. **Page 2**

Nigerian exodus

Exodus of West Africans expelled from Nigeria increased. Ghana opened its border for the first time since September, so that 100,000 waiting at Nigeria's border with Benin could return. **Page 16**

Briefly . . .

Mexico City-Nogales bus crashed into a truck travelling in the wrong lane, killing 18.

Bomb destroyed a Basque bank's offices in Logroño.

Barcelona police arrested seven suspected anarchists wanted for robberies and bombings.

Anglo-Indian film Gandhi won five Hollywood Golden Globe awards.

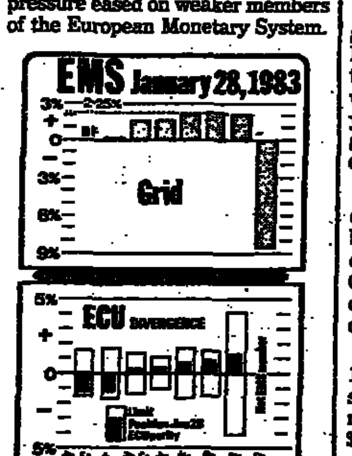
BUSINESS

Warning on U.S. trade deficit

● **U.S. TRADE** deficit of between $60bn and $70bn is likely this year, compared with 1982's $44bn, said U.S. Commerce Secretary Malcolm Baldrige. **Page 4**

● **STERLING'S** sharp falls in the past two months have helped arrest declining confidence in UK manufacturing industry about prospects – but there has been no immediate improvement in orders. These are believed to be the main conclusions in the Confederation of British Industry's quarterly industrial trends survey to be published tomorrow. **Page 16**

● **WEST GERMANY'S** March 6 general election prompted more currency speculation last week, although pressure eased on weaker members of the European Monetary System.



The Belgian franc remained the weakest currency, and required support from several central banks from time to time. However, it remained within its divergence limit and the more relaxed conditions were reflected in a narrowing of the gap between the Belgian convertible and financial francs.

Member-currencies also received a boost from sterling's recent weakness for, although not part of the EMS, the pound forms part of the weighting in the calculation.

The Italian lira remained the strongest currency by virtue of its wider divergence allowance, while the Dutch guilder remained in second place.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **BRITAIN'S** water workers' strike enters its second week. Water authorities are expected to meet Advisory Conciliation and Arbitration Service officials today to consider whether the pay dispute can go to arbitration. **Page 9**

● **BL,** the UK state-owned vehicles group, has made one-year deals with Dunlop to supply all steel wheels for the Austin-Rover group, and with Triplex for 90 per cent of its glass. **Page 8**

● **SPAIN:** Employers and unions agreed on 1983 pay increases between 9.5 and 12.5 per cent, affecting nearly 6.5m workers. **Page 16**

● **SAUDI ARABIA'S** $1.6bn 1200 km (750-mile) pipeline from the oil-producing areas to the new Red Sea city Yanbu was opened by King Fahd.

● **KUWAIT:** Finance Minister Abdul Lateef al-Hamad ruled out any comprehensive formula to resolve the country's $94bn post-dated cheque crisis. **Page 17**

● **NAPHTHA** contract price reporting system in Europe has collapsed, highlighting the weakened state of the market. **Page 16**

● **WORLD** Stock Market performance is featured in today's Statistical Analysis feature. **Page 3**

LEGISLATORS SEEK ALTERNATIVE WAYS TO CUT BUDGET DEFICIT

Reagan's standby tax faces tough fight in Congress

BY ANATOLE KALETSKY IN WASHINGTON

The U.S. Congress is almost certain to reject the "standby" tax increases of nearly $150bn proposed by President Ronald Reagan in the budget for fiscal 1984 which he will formally submit to Congress later today. The warning came from leaders of both parties over the weekend – but both expressed strong *support for the President's general objective of reducing the budget deficit to* $117bn by 1988.

They predicted that instead of the standby taxes, Congress would raise revenues by repealing the indexation of income tax brackets from January 1985 onwards.

The future of U.S. fiscal policy would then depend on whether the President used his veto to make good the promise he made in last week,s State of the Union message, that he would "oppose any efforts to undo" the indexation provision.

Congressional leaders, who were given an outline of the budget on Friday, have voiced few objections to the fact that deficits will remain well above $100bn for the next five years even if all of President Reagan's tax and spending plans are enacted.

"While it may be picked apart in detail, this is a very responsible budget," Senator Pete Domenici, chairman of the Senate Budget Committee, said yesterday in a comment that was typical of many other leading politicians.

For the year beginning October 1983, the President proposes to spend $848bn and raise $660bn in revenues, leaving a deficit of $188bn.

He anticipates real economic growth of 3.1 per cent between the fourth quarters of 1982 and 1983, followed by 4 per cent growth in the next four years. On these assumptions, and with a total of $556bn in spending cuts and tax increases, the deficit would decline from 6.5 per cent of gross national product in 1983 to 2.4 per cent in 1988.

Mr Ronald Reagan

Mr Donald Regan, the U.S. Treasury Secretary, conceded yesterday that "there will certainly be a fight" over taxes and over the determination in Congress to cut defence spending plans by more than the $55bn which the budget proposes over the next five years.

He said he hoped Congress would pass the standby tax proposal, which would increase taxes by $45bn a year from 1985 onwards if the deficit remained above 2.5 per cent of GNP and the economy was growing.

Failure to pass these tax increases would "so worry the people in the money markets that they would keep interest rates up," he said.

But Senator Domenici said repealing indexation would raise about the same amount of revenue in coming years. Congress would raise taxes because "interest rates must come down by 2 more per cent for us to get a real recovery," he said.

Representative Dan Rostenkowski, the chairman of the House Ways and Means Committee, which initiates all tax legislation, also said that the Congress is "very serious" about repealing indexation and said

Continued on Page 16

Trade deficit may top $60bn, Page 4

Saudis 'open to reference price of $30'

BY ROGER MATTHEWS IN LONDON

PRESSURE for a cut in world oil prices intensified yesterday with clear signals from the Gulf that Saudi Arabia, Kuwait, the United Arab Emirates and Qatar would be prepared to see the reference price *drop from $34 to $30 a barrel.*

The Cyprus-based publication Middle East Economic Survey (Mees), which has a record of accurately reflecting Saudi opinion, says in its latest issue that the Gulf producers would be happy with a $30 a barrel reference price and "would be prepared to do everything necessary to defend that price."

Saudi Arabia and the Gulf exporters appear to be putting forward this option as the only alternative to a growing risk of a "dizzy, downward price spiral" which could leave the economies of some members of the Organisation of Petroleum Exporting Countries (Opec) "in ruins."

"Should the terrors of an unregulated market serve to concentrate the minds of Opec hardliners properly, then a genuine production programme to consolidate the restabilisation of the market might stand a good chance of becoming a reality," says Mees.

The reference to Opec hardliners highlights the extent to which the refusal of Iran to accept either pricing or production agreements has underminded Opec's effort to defend its $34 marker price for Saudi light.

But as Sheikh Ahmed Zaki Yamani, Saudi Arabia's Minister of Oil, demonstrated after the failure of last week's Opec meeting in Geneva, none of the Gulf states wish to be the first publically to cut prices. In Geneva, Sheikh Yamani turned the spotlight on the UK by suggesting that North Sea oil prices would have to fall by $2–$3 within a few days.

The reluctance of any Opec member formally to declare a price reduction – described as "political dynamite" by Mees – is thought likely to be of benefit to non-Opec members in the short term as they seek *to keep their production at current* levels.

There was growing evidence last week that buyers were reluctant to clinch short or longer term deals because of anticipation of a more generalised fall in prices.

Saudi Arabia and its Gulf allies have not indicated that they are planning any unilateral action on prices, but if attempts at an Opec rapprochement are not successful by the end of February then it is believed they may be prepared to act on their own.

As part of any new Opec package on prices and production, Saudi Arabia is likely to insist on an output level for itself of not less than 6m barrels a day, compared with 4.7m b/d which Opec delegates said it was prepared to accept at the last Geneva talks.

"Action on a price cut by Saudi Arabia and the Gulf states, with other Opec countries if possible but alone if necessary, would seem to be pretty much inevitable within the coming month or so, on the understanding that the new market level should be fully defended," concludes Mees.

The implications of this warning from the Gulf are expected to produce a flurry of bilateral contacts

Dr Subroto, the Indonesian Oil Minister, has been in contact with Sheikh Yamani and yesterday delivered a message to Kuwait which is thought to have argued against any precipitate action on prices.

Benefits from an oil price drop, Page 15; Naphtha price system collapses, Page 16

SECTION III – INTERNATIONAL MARKETS FINANCIAL TIMES

Complete Wall St prices

Comprehensive statistical coverage of Wall Street – both the New York Stock Exchange and the American Stock Exchange – will be introduced in the new Section III of the Financial Times' international edition starting with tomorrow's issue.

This further editorial development in the newspaper augments the expanded markets coverage launched in the international edition on January 20, including daily reports and analysis of stock market movements and trends in New York, London, Tokyo, the principal continental European bourses, and markets in Hong Kong, Singapore, Sydney and Johannesburg.

The new Section III published Monday through Friday will maintain the FT's traditional share information service on the London Stock Exchange.

The expansion of the FT's coverage of Wall Street is made possible through the introduction of a high-speed feed line for the Financial Times in co-operation with the Associated Press from New York to our printers in Frankfurt. Statistical data will include daily and annual highs and lows for all traded stocks, daily calculations of price/earnings and yields, together with price changes of the day.

For reasons of timing, it will not be possible to include closing Wall Street stock prices in all editions, and a limited number of copies printed in Frankfurt will carry 3pm New York prices (9pm in central Europe).

Iraq asks for $7bn loan as oil exports decline

BY PATRICK COCKBURN IN KUWAIT

IRAQ has asked for a loan of $7bn from Saudi Arabia, Kuwait, Qatar and the United Arab Emirates (UAE), according to diplomats in Kuwait.

The request was made by Iraqi president Saddam Hussein on a visit to the Saudi capital of Riyadh earlier this month. It is in addition to loans of more than $25bn made by the four countries to Iraq since the start of its war with Iran in 1980.

Iraq needs the money because of a drastic fall in its oil exports from 3.2m barrels a day in 1980 to less than 650,000 b/d currently. It can now export crude only by using a pipeline across Turkey.

Saudi Arabia is sympathetic to the Iraqi request, diplomats say, but Kuwait, Qatar and the UAE are reluctant to give more money while none expects the money already committed to be repaid and all have seen their oil revenues decline over the past year. Kuwait would also like to see a settlement of its long-running border dispute with Iraq.

Because of its diminished oil revenues, Iraq is being compelled to rely increasingly on loans and credit. It has recently arranged for a $500m syndicated Eurodollar loan, a credit for military and other supplies from France and a $210m three-year credit for grain purchases from the U.S.

A $2bn supplier credit, agreed by Japan in the mid-1970s but little used by Iraq, is also being drawn upon.

Estimates of the loans already made to Iraq by the four Gulf states since 1980 range up to $33bn, a portion of which was in the form of goods and services such as oil products.

Iraq is cutting back its ambitious development programme in order to give priority to its defence needs, but will still need money from the Arab oil states to continue to resist Iraq.

Saudi Arabia may be more sympathetic to Iraq since the failure of the Saudi attempt earlier this month to mediate between Baghdad and Syria. The Saudis wanted to see Iraq's oil pipeline across Syria re-opened.

Its closure last April after Iran had agreed to give Syria cheap oil cost Iraq $5bn a year. The Saudis are believed by diplomats to be angry at the Syrian refusal to compromise with Iraq and the subsequent agreement between Syria, Iran and Libya.

The renewed Iranian offensive against Iraq, expected in February, might also persuade some of the smaller Gulf states to renew their subsidies to Baghdad.

Rescheduling: the new way with debt, Page 14; Private-sector problems for Mexico and Chile, Page 17

Venezuela may seek IMF aid

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

VENEZUELA has told foreign bankers that it might be forced to seek the help of the International Monetary Fund (IMF) after a dramatic fall in its foreign exchange reserves last year.

Dr Arturo Sosa, Venezuela's minister of Finance, told a private meeting of bankers in Caracas at the end of last week that the reserves had fallen by $8bn to just under $10bn at the end of last year.

This followed a deterioration in Venezuela's foreign trading position, the need to repay foreign debt and capital flight estimated at $4.5bn to $5.5bn.

Nonetheless, Venezuela would continue with its efforts to refinance some $8.7bn in short-term debt, he said. The country's total foreign debt is put at around $18.5bn, making it the fourth largest borrower in Latin America after Brazil, Mexico and Argentina.

The meeting was the second between the minister and foreign bankers in less than a week. Bankers who attended said that, although the general tone was not optimistic, Dr Sosa was much more candid in admitting to problems than on previous occasions.

The country's efforts to restructure its short-term debt have run into difficulties because of payments arrears by leading borrowing agencies and the poor climate for all Latin American borrowers after the Mexican debt crisis.

Dr Sosa reportedly told the meeting that any shortfalls in the refinancing programme would be made up by a fresh approach to commercial banks, and possibly recourse to the IMF.

Continued on Page 16

Spanish bank merger talks

BY TOM BURNS IN MADRID

BANCO Hispano Americano, Spain's third largest bank, is seeking to create the country's largest banking group with a bid for a majority shareholding in ninth-ranked Banco Urquijo, the leading merchant and industrial investment bank.

Hispano's planned bid, announced at the weekend, is expected to be finalised within 10 days, subject to approval by the Bank of Spain. Hispano is already the largest single shareholder in Urquijo, with a 12.6 per cent direct stake.

The two banks already have close links – they have 10 directors in common and the president of each bank is a board member of the other – but Madrid bankers view the expected incorporation of Banco Urquijo into the Hispano group as the "starting pistol" for a year of mergers in the financial sector.

Two other medium-sized banks are reliably reported to be holding exploratory talks with two of the so-called "big seven" banks.

Banco Urquijo has been affected by the depreciation of the peseta in 1982 as much as by the industrial recession. Spain's banking legislation, which entails obligatory deposits with the Bank of Spain, has proved particularly onerous for banks such as Urquijo which lead the industrial investment sector.

Urquijo's difficulties were underlined last year when Explosivos Rio Tinto (ERT), the leading Spanish conglomerate, suspended payment on Pta 111bn ($860m) in debts. Banco Urquijo has a Pta 4.5bn exposure in ERT, which is almost double its 1981 net profit.

A Banco Urquijo senior executive said press reports that the bank had been unable to meet its obligatory deposit with the central bank in December were "completely false."

He stressed that prime elements in the bank's portfolio such as Duro-Felguera, Industrias Aragonesas, Asland, Union Electrica and Hidroelectrica de Cataluna were showing marked improvement.

Fusion between Hispano and Urquijo had been discussed and rejected in the past. The decision to proceed with takeover talks appears to reflect the widespread feeling that a concentration of banking institutions in Spain is now inevitable.

The demarcation between the two banks, regarded in Madrid as first cousins, was established 40

Continued on Page 16

Spanish wage deal, Page 16

CONTENTS

OVERSEAS NEWS

Clark to seek new party mandate

BY NICHOLAS HIRST IN WINNIPEG

MR JOE CLARK, former Canadian Prime Minister, is to resign as leader of the Progressive Conservative Party but says he will be a candidate for his old job at a leadership convention to be called in the next few months.

His resignation as parliamentary and party leader of the opposition has to be accepted formally by the parliamentary party and the national executive at meetings this week.

Clark's resignation came after a third of the delegates at the party meeting in Winnipeg voted in favour of holding a leadership review. He needs only a simple majority to stay in power. But his advisors had believed that to quieten his critics and stave off a possible revolt against his leadership by Conservative MPs. Mr Clark needed to do better in the vote than he did two years ago, shortly after the defeat of his minority government, after seven months in power.

In the event the proportion of votes cast against his was almost exactly the same, Clark felt he could not unify the party without a new mandate and called a leadership convention. Despite the respect he has gained for his decision, it is thought unlikely he will win his job back.

The question now is whether the Conservatives can unify the warring factions that have brought about Clark's resignation in time to capitalise on their high standing in the opinion polls at the next general election expected in the middle of next year.

The election could bring in a new era in Canadian politics. Mr Pierre Trudeau, Liberal Prime Minister, now deeply unpopular, is expected to resign before it is held. Both major parties could be fighting with new leaders. With the Liberals in disarray the Conservatives saw their best chance of winning a majority government in 20 years, but that chance may now have been squandered.

Delay likely on new S. Africa constitution

BY J. D. F. JONES IN JOHANNESBURG

THE SOUTH AFRICAN parliamentary session, which gets into its stride today, will be dominated by the task of implementing a new constitution to replace the Westminster-style system which dates from 1910.

It is doubtful, however, whether MPs will be able to complete the task in the time available. In this case – unless the session is extended into the second half of the year – a new tri-cameral system, led by a Gaullist-style executive president, will not be in position at the beginning of 1984 as the government had hoped.

The constitutional amendment bills are not expected to be ready for at least seven months, and they will then have to pass through the parlimentary select committee, as well as the Assembly proper.

In both they are certain to be contested in detail by the official Progressive Federal Party (PFP) opposition and the new right-wing Conservative Party.

But constitution making will, nevertheless, dominate the session because the government is in the meantime negotiating, outside the Chamber, with the Coloured (mixed race) and Indian community.

The (Coloured) Labour Party last month took a qualified decision to co-operate with the government's consitutional guidelines.

The Coloured community has been split by this decision and the government will want to win over as many Coloured leaders as possible.

Equally important, the Government is believed to bending to criticisms and preparing to develop a new policy towards the 'urban blacks.'

Pledges of peace in Berlin

By Leslie Colitt in Berlin

YESTERDAY'S FIFTIETH anniversary of Adolf Hitler's rise to power was marked by East and West Germans only one kilometre apart, but separated by the Berlin Wall.

Herr Richard von Weizsäcker, West Berlin governing Mayor, and Herr Willy Brandt, chairman of the Social Democrats, noted that both the Wall and a divided Germany were the end results of Adolf Hitler's appointment as Reichs Chanceller 50 years ago.

Herr Helmut Kohl, the West German Chancellor, spoke of a special responsibility for peace borne by Germans because of their recent past.

The West German ceremony took place in the rebuilt Reichstag overlooking the Berlin Wall.

Almost within sight of the solemn ceremony, East Germany's leaders placed wreaths at the Monument to the Victims of Fascism and Militarism

China and India try to settle border row

BY TONY WALKER IN PEKING

CHINA AND INDIA are attempting this week to take another step towards resolving their long-standing border dispute, but progress is expected to be slow. Officials resumed negotiations in Peking at the weekend.

Since late 1981, officials have conducted two rounds of discussions on the vexed border question which arose from a brief war in 1962, when China occupied territory claimed by India.

According to diplomats in Peking, the first two rounds of talks did not advance beyond preliminary discussions. The third round, however, may signal the start of more detailed negotiations, but agreement is almost certainly a long way off.

More than 150,000 sq. km. of territory in the eastern and western sectors of the Sino-Indian border are in dispute.

India has rejected a Chinese offer effectively to exchange territory under dispute. China has said it is willing to forego its claim to about 129,000 sq. km. in the East if India recognises the Chinese claim to 38,000 sq. km. in the West.

The Indian side instead insists that the border dispute be solved on a "sector by sector" basis. China, in effect, is proposing that the two sides recognise the line of actual control.

New Delhi says the Chinese position is not acceptable because Peking is laying claim to territory it seized by force in the border war. Most of this is in the strategically important Aksai Chin region near the Indian-Pakistan border.

China's claim in the East is to an area known as Arunachal Pradesh which is under Indian control. There are other odd pockets in dispute along the border amounting in area to about 2,000 sq. km.

Given the wide [illegible] between the two sides, it is difficult to see the basis for an agreement emerging soon. Relations between the world's two most populous countries appear to be improving, however, despite slow progress in the border talks.

Two-way trade is increasing – it now exceeds $100m mostly in China's favour – and cultural and official exchanges are becoming more frequent.

Inquiry into cable car accident

By Kathryn Davies in Singapore

SINGAPORE is to hold an official inquiry into the accident in which seven people were killed after the gantry tower of an oil rig caught an overhead cable, plunging two cable cars into the harbour.

Thirteen people stranded in four other cars were rescued by helicopter. The cable car passenger were returning from an island resort close to mainland Singapore on Saturday. Survivors were trapped for more than six hours before the rescue attempt was made.

The inquiry is likely to focus on responsibility for the accident, as well as the seemingly excessive time taken to organise a rescue.

Implications or Singapore's tourist revenues could be serious because the resort, known as Sentosa, is a key attraction. Its exhibits include waxworks depicting the British surrender to the Japanese in 1942 and the reverse tableau at the end of the war, a skating rink, and a display of the region's coral.

Nearly 3m tourists came to Singapore last year

Europe edition of Wall Street Journal launched

FINANCIAL TIMES REPORTER

THE Wall Street Journal – Europe, the Brussels-based version of the U.S. daily business newspaper, was due last night to publish its first edition with an introductory print run of some 20,000 copies.

The newcomer to the European business publishing market is being edited in Brussels and printed via electronic link on the presses of the Limburgs Dagblad, in Heerlen, the Netherlands.

Once initial curiosity has subsided, its regular daily sale is expected to be about 10,000 copies, compared with 7,000 copies expected when the parent Dow Jones company of New York announced its European project last April.

The eventual circulation target for the newspaper, which will call on 50 journalists in Europe, is believed to be 25,000 copies a day. The editorial content is to be based on what Mr Norman Pearlstine, the editor and publisher, described as the "U.S. business day" and news and analysis of the international capital markets. In addition to European and U.S. coverage, the newspaper will carry articles supplied by the Asian edition of the Wall Street Journal launched seven years ago.

Financial details of the start-up costs to Dow Jones have not been made available. It is believed that the sophisticated micro-electronic equipment that provides the European edition with vital satellite links has, together with units used by the 25-strong Brussels staff, cost about $2m.

The new European edition of the Wall Street Journal replaces the airmail delivery of the U.S. newspaper, and introduces new competition for the Financial Times and the International Herald Tribune for both circulation and advertising.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

STATISTICAL TRENDS: WORLD STOCK MARKETS

Only Japan shows real growth over 7 years

OF THE major equity markets, only Japan showed a real growth over the past seven years; a substantial upturn in the second half of 1982 on Wall Street only returned the value of U.S. equities to 80 per cent of their 1976 value, although the surge in UK markets brought the value of UK equities back to parity in real terms.

During 1982 a continuing fall in inflation rates and interest rates has come in most of the main industrialised countries, although interest rates remain high in real terms.

Currency movements in recent years have been dominated by the strength of the dollar until the last quarter of 1982, when the dollar fell against the D-Mark, yen and French franc (though still showing gains over the year against these currencies), but continued to strengthen against sterling.

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

Germany and the UK showed considerable outflows of portfolio investment moneys during 1981 and 1982, while the U.S. received substantial inflows of portfolio investment.

To the international investor in a foreign equity market, gains can come from market movements, currency movements, or a combination of both; for the investor the best combination is from a rising equity market trend in the market in which he has invested, coinciding with the weakening of his own currency relative to the currency of that market.

The table of Relative Movements illustrates from the point of view of investors in the U.S., UK and Germany the ups and downs of the stock market alongside the variations in the relevant exchange rates.

Currency movements can cancel out market gains as they did for U.S. investors in UK markets in the first half of 1981; or they can yield a positive return, even when the equity market has fallen; or they can reinforce an upward movement in the equity market to give substantial gains such as that for U.S. investors in Germany in the last quarter of 1982 or for UK investors in the U.S. in the same quarter.

Brokers Wood Mackenzie have analysed over a five-year period the rates of return in the world equity markets and their variability (a surrogate measure for risk).

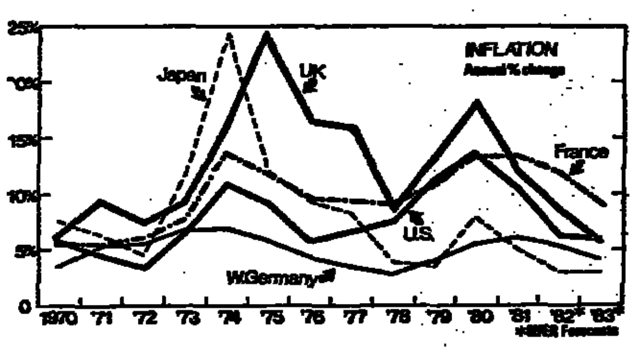
For the local investor, the higher the return, the higher the variability (risk), with the Hong Kong and Singapore markets showing the highest rates of return and associated risk.

Fluctuations in exchange rates effect returns from equity markets, and when currency conversion is taken into account in this analysis, the effect of currency movements can have a dramatic effect making the relationship between return and risk much less clear.

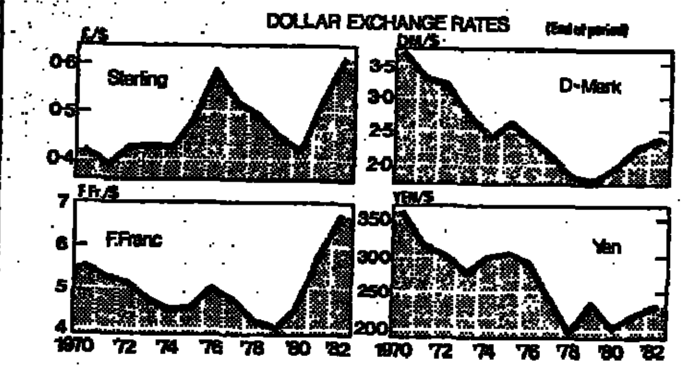
In 1982, high returns on bonds compared with cash were the rule in all the main markets except France; and only in Germany did returns from equities compare with returns from bonds.

Apart from gold mines, the industrial sectors that performed best in 1982 were data processing, the media, cars, and electrical and electronics; with substantial falls in steel and energy sources—the latter reflecting uncertainty over the price of oil. The upsurge in data processing was primarily led by the U.S. companies.

The banking sector fell and insurance was sluggish—just matching the 6 per cent overall growth in the world equity market.



Currency movements



REPRESENTATIVE MONEY MARKET INTEREST RATES

Bond equivalent yields on major short-term money market investments (end of month)

	U.S.	UK	W. Ger.	France	Japan
Nominal					
1976	4.75	14.38	4.80	10.00	6.75
1977	6.84	6.50	3.60	9.19	5.89
1978	10.57	12.50	3.70	6.44	4.64
1979	13.70	17.00	8.70	12.62	8.01
1980	17.60	14.75	10.20	11.56	9.80
1981	12.78	15.69	10.50	15.25	6.30
1982*	8.68	10.38	7.25	12.94	7.06
Real					
1980	5.22	−0.35	4.70	−2.14	2.70
1981	3.88	3.69	4.20	1.35	2.00
1982*	4.08	4.18	2.55	3.54	3.89

* Latest available.

Source: Morgan Guaranty

TRADE WEIGHTED INDICES

End of period (1975=100)

	U.S.	UK	Germany
1976	105.0	80.7	111.6
1977	99.0	84.8	119.8
1978	91.8	82.5	125.4
1979	93.5	89.9	131.6
1980	95.1	101.6	122.3
1981	107.2	90.9	122.3
1982 Q1	116.1	91.0	123.0
Q2	120.5	91.3	125.0
Q3	123.5	91.5	125.1
Q4	118.5	84.3	128.9

Source: FT

PORTFOLIO INVESTMENT (NET FLOWS)

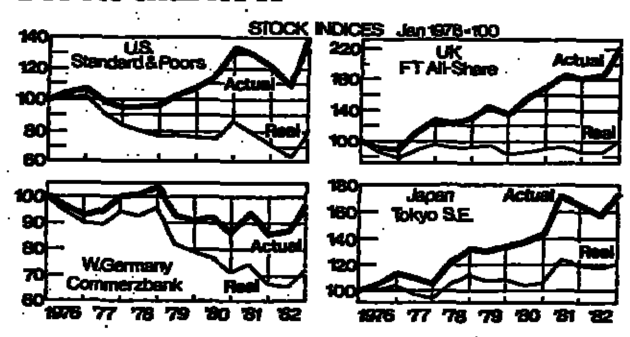
(U.S.$bn)

		1981	1982* Q1	Q2	Q3
U.S.:	In	+10.0	+10.4	+18.4	+5.8
	Out	−5.4	−2.1	−1.8	−12.4
Japan:	In	+9.3	+0.4	+3.6	+3.8
	Out	−6.1	−10.7	−5.4	−2.4
W. Germany:	In	+0.4	−1.1	0.0	+2.2
	Out	−2.8	−6.5	−7.2	−1.7
UK:	In	+1.0	−0.5	−0.9	0.0
	Out	−8.4	−11.7	−9.0	−7.2

* Annualised.

Source: Wood Mackenzie

Stock markets



RELATIVE MOVEMENTS

(% change on previous quarter)

		UK viewpoint: U.S. Stocks	£/$	Germany Stocks	£/DM	U.S. viewpoint: UK Stocks	$/£	Germany Stocks	$/DM	German viewpoint: U.S. Stocks	DM/$	UK Stocks	DM/£
1980	1	−5.4	+2.6	−6.3	−9.3	4.6	−2.6	−6.3	−11.6	−5.4	13.1	4.6	10.3
	2	11.9	−8.2	7.9	1.7	12.1	8.9	7.9	10.6	11.9	−9.6	12.1	−1.7
	3	9.8	−1.3	−0.6	−4.1	7.7	1.3	−0.6	−2.7	9.8	2.8	7.7	4.2
	4	8.2	−0.1	−5.0	−7.8	0.6	0.2	−5.0	−7.6	8.2	8.2	0.6	8.4
1981	1	0.2	+6.5	0.5	0.7	5.2	−6.1	0.5	−6.9	0.2	7.4	5.2	0.6
	2	−3.5	+16.3	7.6	2.1	4.4	−14.0	7.6	−12.1	−3.5	13.8	4.4	2.1
	3	−11.5	+7.0	−8.3	10.3	−13.1	−6.5	−8.3	3.1	−11.5	−3.0	−13.1	−9.3
	4	5.5	−5.5	−0.4	−2.2	12.4	5.8	−0.4	3.4	5.5	−3.3	12.4	2.3
1982	1	−8.6	+7.2	6.4	−0.2	4.3	−6.7	6.4	−6.9	−8.6	7.4	4.3	0.2
	2	−2.1	+2.2	−4.8	0.5	−1.2	2.2	−4.8	−1.6	−2.1	1.6	−1.2	−0.5
	3	9.9	+2.9	3.4	−0.2	12.1	−2.8	3.4	−3.0	9.9	3.1	12.1	0.2
	4	16.8	+4.8	7.9	11.4	5.6	−4.5	7.9	6.3	16.8	−6.0	5.6	−10.3

Stock indices used: U.S., Standard and Poors Composite; UK, F.T. All-share; Germany, Commerzbank.

Source: FT Statistics Department

STOCK INDICES

End of period (January 1976=100)

		France (CAC)	Italy (Bank Comm.)	Hong Kong Hang Seng	Switz. (SBC)
1976	I	94	92	97	101
	II	82	84	106	97
1977	I	74	73	104	102
	II	77	64	95	103
1978	I	96	70	131	100
	II	112	78	118	99
1979	I	121	89	127	106
	II	131	94	208	103
1980	I	140	116	252	104
	II	143	195	348	102
1981	I	104	262	409	98
	II	118	222	332	88
1982	I	127	175	302	83
	II	128	188	185	98

Source: FT

Rates of return

CASH* AND BONDS†

Rates of Return, 1982

		Local	$	£
U.S. $	cash	13.88	13.88	34.47
	bonds	43.75	43.75	69.75
French Fr	cash	21.49	2.84	21.43
	bonds	19.76	1.38	19.71
W. Germany DM	cash	8.83	2.83	21.43
	bonds	20.13	13.51	34.03
UK Sterling	cash	12.92	−4.34	12.92
	bonds	48.19	25.49	48.19
Japanese Yen	cash	7.23	0.25	18.38
	bonds	11.25	4.01	22.82

* Three-month Eurocurrency deposits.
† Sample government bond of 10-year maturity.
Source: Wood Mackenzie — International market returns

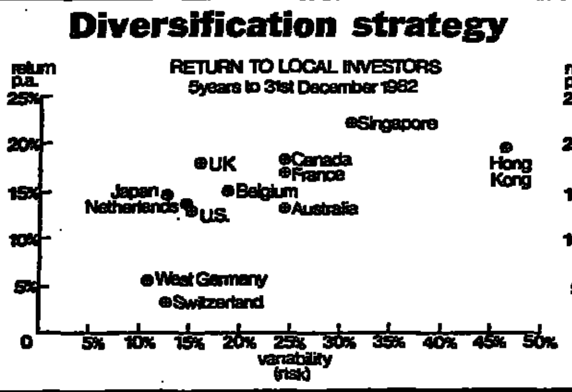
EQUITY MARKETS

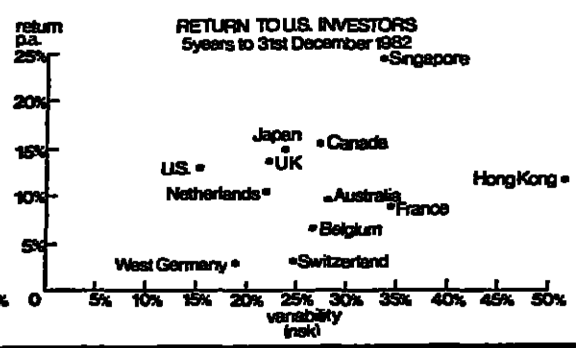
Rates of return 1982

	Local	$	£
U.S. Standard and Poors composite	21.7	21.7	43.8
France CAC Générale	8.1	−8.5	8.0
W. Germany Commerzbank	19.9	13.3	33.7
UK FT All-share	29.1	9.4	29.1
Japan Tokyo SE	5.7	−1.1	16.7

Source: Wood Mackenzie

Diversification strategy





Sector performance

WORLD INDUSTRY SECTOR PERFORMANCE 1982

Sector	Dividend yield	Index performance in U.S.$ (% change)	Relative to world market (% change)	Direction of change
Energy sources	7.0	−15.3	−19.9	−
Steel	3.8	−28.1	−32.0	−
Data process.	3.3	49.2	41.0	+
Electrical and Electronics	2.6	28.1	21.1	+
Banking	4.2	−5.6	−10.8	−
Insurance	4.2	6.5	0.7	+
Automobiles	2.8	29.2	22.1	+
Telecoms.	8.9	0.9	−4.6	−
Media	2.7	36.4	28.9	+

Source: Capital International

Company performance

COMPANIES RANKED BY MARKET CAPITALISATION (U.S.$m)

(latest available figures)

U.S.	Mkt. cap.	Yield %
I.B.M	57,008	3.6
AT & T	52,231	9.1
Exxon	25,744	10.1
Gen. Elec.	21,609	3.6
Gen. Motors	19,012	3.8

UK	Mkt. cap.	Yield %
General Elec.	9,304	1.8
BP	8,684	9.8
Shell Trans.	7,351	7.3
Marks & Spen.	4,683	3.0
BAT Inds.	3,682	4.8

Japan	Mkt. cap.	Yield %
Toyota	12,630	1.3
Hitachi	9,905	0.9
Matsushita	9,598	0.7
Nissan	6,045	1.7
Daichi Kangyo	4,947	1.2

W. Germany	Mkt. cap.	Yield %
Daimler-Benz	5,038	4.0
Siemens	4,491	4.8
Deutsche Bk.	3,119	5.7
Bayer	2,432	9.8
Hoechst	2,233	9.0

France	Mkt. cap.	Yield %
Aquitaine	1,389	15.3
Air Liquide	1,025	4.9
Dassault	639	9.5
L'Oréal	599	3.7
ELF Gabon	573	14.0

Switzerland	Mkt. cap.	Yield %
Schweiz. Bankg	4,407	3.0
Nestlé	4,078	4.3
Schweiz. Bankv.	3,364	3.6
Hoffmann	2,752	1.5
Schweiz. Kredit	2,707	1.6

Source: Capital International

Market size

MAJOR STOCK EXCHANGES

	Volume of trading in equity shares (translated to U.S.$) 1981: $m	% of total*	Market value of bonds and debs. listed Dec. 31, 81: $m
New York	389,219	46.2	573,893
Tokyo	223,874	26.6	295,814
Zurich	74,912	8.9	56,607
London	32,839	3.9	188,029
Osaka	31,877	3.8	288,299
Toronto	20,931	2.5	—
Basel	15,871	1.9	53,063
Ass. of German	15,566	1.8	—
Paris	11,825	1.4	—
Milan	10,850	1.3	101,067
Ass. of Australian	8,179	1.0	24,420

* Exchanges listed.

Source: FTBV

WORLD TRADE NEWS

South Africa counts the high cost of self-sufficiency

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S import replacement drive, for a long time an almost sacred part of the Government's economic strategy, is coming under increasingly heavy criticism.

Even the Prime Minister's economic adviser, Dr Simon Brand, conceded last week that "we have perhaps a tendency to try to over-provide on the side of self-sufficiency. . . . We have perhaps gone a bit far in some respects."

The most spirited attack has come from the National Maize Producers Organisation (Nampo), a vociferous and politically powerful group of maize farmers who are fed up with paying hefty premiums for locally produced truck and tractor engines, fertiliser raw materials and other farm requisites. They want to be allowed to buy supplies from the cheapest source, whether in South Africa or abroad.

The motor industry also is worried by a recent spate of cost-raising import replacement projects, notably diesel engines, axles and gearboxes.

Moves towards self-sufficiency were spawned by fears that the South African national defence force would be cut off by sanctions from foreign supplies. This had a bearing on civilian needs when it became clear that plants needed longer production runs to make them reasonably viable.

The motor manufacturers prevailed on the authorities last month to appoint an official inquiry into a formal local content programme for heavy trucks, similar to that in place for cars and light commercial vehicles.

The motor companies would prefer to buy components from the source of their choice. But if they are to be forced to support local suppliers, they at least want firm guidelines on the government's future import substitution plans.

The Government is caught between two stools.

On the one hand, it has actively encouraged import replacement in the past. The threat of trade sanctions and other "strategic" considerations have given birth to important sectors of industrial output, including the Sasol oil-from-coal plants, armaments factories plastics, stainless steel and synthetic rubber.

On the other hand, Pretoria is being made increasingly aware of the costs of this policy. As Dr Brand said: "Any drive towards self-sufficiency tends to raise costs, and to harm the competitiveness of our (non-mining and non-farming) export industries."

The difference between prices of South African and imported items is sometimes large, especially now that international markets are depressed.

For instance, the local price of polyvinyl-chloride (PVC) is R1,590 a ton, compared with around R600 currently on world markets.

But some key South African industries would not survive if they were not almost totally insulated from outside competition.

Mr Denys Marvin, managing director of AECI, South Africa's largest chemicals producer, noted recently that tight import controls have been a key factor in the expansion of the local chemical industry.

He said that if adequate steps were not taken to keep out cheap imports from the U.S., Europe and the Far East, "then at the very least, the question of building further high capital cost chemical plants in the Republic will receive more than the usual scrutiny."

Mr Marvin's warning—and similar complaints from executives in the paper and textile industries—comes amid signs that, at least for the time being, Pretoria has higher priorities than giving blanket protection to local industries.

One is the fight against inflation. What better way to hold down prices than to make local producers compete a little harder against cheaper imported articles, argue those who favour more import liberalisation.

The Government refused earlier this month to allow fertiliser companies the 20 per cent price increase they were entitled to in terms of a price control formula for the industry. Instead, the rise was limited to 13 per cent and was based on prevailing international prices for ammonia.

The Board of Trade and Industries, which considers applications for tariff protection, *has rejected a substantially* higher proportion of requests since 1979 than in the previous four years.

Accusations last year that export industries (particularly steel) were subsidised by the Government has made Pretoria a little more wary of increasing its assistance to local manufacturers.

The General Agreement on Tariffs and Trade (Gatt) is one of the few international organisations of which South Africa is still a full member. The authorities are currently trying to comply with Gatt rules by replacing direct import controls (mainly by means of permits) with customs tariffs.

The plastics industry, for example, will soon submit detailed proposals on the level of duties it considers adequate *to keep out competitive imports.*

The success of the import replacement drive is a matter of some controversy.

While South Africa has become less dependent on the outside world for a number of strategic industrial and consumer products, it still relies heavily on foreign suppliers for much of the plant to produce those items.

Move to boost Exim's lending authority

By Nancy Dunne in Washington

THE Reagan Administration is reported to be prepared to boost the Export-Import Bank's lending authority two-thirds above its 1984 budget request if demand for credits picks up next year.

Demand for Eximbank financing, which promotes sales of U.S. exports, has been so poor that the bank has been unable to spend the full amount of its reduced budget over the past two fiscal years.

In fiscal 1982, it was allotted *$4.4bn (£2.9bn) for direct* lending but did not spend the full amount. In fiscal 1983, it will have $3.8bn, but bank officials again do not expect to spend the full amount. However, the President, in his State of the Union message, said the U.S. "must have adequate export financing to sell American products overseas," and his Administration is reported to be prepared to back up the *promise with a $2.7bn supplemental request* to be issued later this year.

In the budget being introduced to Congress, the Administration will ask for only $3.8bn for direct lending. The supplemental request will come later in the year if, as *expected*, foreign demand for U.S. products and financing grows

In an effort to make the bank more competitive with the EEC and Japan, Eximbank recently cut its interest rates for direct loans to middle income and poor countries to the minimum levels permitted under its agreement with the OECD countries.

Over the next few weeks the Shipping Report will focus on major ship types. Bulk carriers, hard hit by recession, are reviewed this week. Future reports will assess the tanker, container, roll-on/roll-off, gas, car-carrying and offshore sectors.

SHIPPING REPORT

Speculative buying of second-hand tonnage picks up sharply

BY ANDREW FISHER

BULK-CARRIER owners have *taken a financial beating in the* recession, with too much tonnage chasing reduced business. But despite flat freight rates, speculative buying of second-hand tonnage has picked up sharply.

Second-hand prices have risen by around 20 per cent in the last few weeks. Last week, the 27,000 dwt Irish Pine, built on the Clyde in 1973, went to a London-based Greek buyer for *nearly $4m.*

This was much higher than the likely price a few weeks ago and interest from other buyers was high. But speculative buyers must be prepared to wait for some time before ships earn money.

For while second-hand prices have moved ahead, the market outlook based on trading fundamentals is still gloomy. Iron ore and coal demand has weakened and the grain trade *is static.*

According to P. F. Bassoe, a leading firm of Oslo shipbrokers, over-capacity on the bulk market is some 30m dwt. The market "is going through absolutely the worst post-war period."

It estimated the total bulk and ore fleet at around 177m dwt against 173m dwt during 1981 when the freight market was still buoyant. But combined carriers (able to take oil *or dry cargo) made up only 17m* dwt of this against 33m dwt.

Thus the pure bulk and ore carrier element in the fleet has risen from 140m dwt to 160m dwt over the period, reflecting optimistic ordering when the outlook was more cheerful.

The main problem for the bulk market is steel, where world output has fallen sharply. Iron ore and coking coal, the main materials for the industry, make up about 60 per cent of the major bulk shipping trades.

Japan is the biggest importer of bulk materials for steel and its reduced production could, said Bassoe, lead to Japanese mills redelivering 23 chartered ore carriers over the next few months.

Last year, seaborne trade in bulk cargoes fell from 825m tonnes to 767m and London brokers Simpson, Spence and Young forecast a 1983 drop to 750m tonnes.

It reckoned 1983 iron ore trade could fall to 250m tonnes from 260m last year and 300m in 1981 and coal trade to 190m tonnes from 201m and 208m.

Last week's rates showed no big upturn, though Denholm Coates reported some lift across the Atlantic. There is about 20m dwt of laid-up dry cargo ships which could return if freight rates moved swiftly ahead.

U.S. trade deficit likely to top $60bn this year

BY PAUL CHEESERIGHT IN DAVOS

THE U.S. trade deficit *this year* is likely to be between $60bn-$70bn (£40bn-£46.6bn) compared with $44bn in 1982, according to Mr Malcolm Baldrige, U.S. Secretary of Commerce.

The widening deficit partially explains why the Reagan Administration is adopting an aggressive trade policy, directed both at improving access for U.S. products in overseas markets and countering the activities of those the U.S. sees as subsidised producers, both on the American and the export markets.

But the deficit is in the process of being corrected, Mr the weekend. He is in Switzer- Baldridge said in Davos over land attending the annual symposium of the European Management Forum.

The *correction is helped by* the weaker dollar. Without this, Mr Baldrige said, the deficit this year could be as high as $80bn.

The size of the deficit, allied to the sharp decline in U.S. farmers' incomes over the past three years, lies behind the increasing vigour of the U.S. attack on the *EEC's* Common Agricultural Policy.

This has resulted in the EEC selling products overseas at subsidised prices, thus, in the view of the Reagan Administration, distorting the markets.

The U.S. is hoping, over a reasonable period of time, that there will be a narrowing of the gap between world prices and the EEC-subsidised prices on the markets, Mr Baldrige said. But he does not seek the dismantling of the Common Agricultural Policy (CAP).

Fall in Kuwait's trade to Iraq

By Patrick Cockburn in Kuwait

KUWAIT'S trade to Iraq has been badly hit by Baghdad's financial difficulties, according to transport companies here. They say that the overall level of trade, mainly transits and re-exports, was down by 30-40 per cent in 1982 compared with 1981.

Unable to use its own limited port capacity because of the war with Iran, Baghdad has relied heavily on Kuwaiti ports to bring in supplies. Up to last April there was a boom in the trade with Iraq, one diplomat said, but in the middle of last year the number of letters of credit had fallen.

In 1981 some two-thirds of Iraq's import requirements, estimated to total 12m tonnes, came through Kuwait. This year the transit and re-export trade is unlikely to top 5m tonnes, according to one transport company, though Iraq is bringing in some of its imports through Aqaba in Jordan and Dammam in Saudi Arabia.

Iraq is still negotiating for the purchase of 3m tonnes of cement. Talks are going on with Romania, Turkey, Spain and Greece with contracts likely to be signed in March or April.

World Economic Indicators

RETAIL PRICES (1975 = 100)

					% change over previous year
	Dec. '82	Nov. '82	Oct. '82	Dec. '81	
UK	241.4	241.9	240.7	229.1	5.4
	Nov. '82	Oct. '82	Sept. '82	Nov. '81	
U.S.	182.1	182.4	181.9	174.1	4.6
W. Germany	138.0	137.6	137.2	131.8	4.7
Japan	149.0	150.7	150.2	145.7	2.3
Italy	315.3	311.3	306.1	270.7	16.5
France	214.2	212.1	211.1	195.8	9.4
Belgium	164.5	164.3	163.0	151.9	8.9
Netherlands	155.1	155.1	154.4	148.4	4.5

Sources: Eurostat, OECD.

Announcing a £1 billion training scheme to help put British business back on its feet.

Bewildered, battered and bloodied, the British business man and woman deserve something more than yet another patch-and-mend temporary stop-gap remedy.

We need a basic reconstruction of the way industry operates–especially training.

The new Youth Training Scheme is a vital foundation for that task.

It is a carefully planned, practical and permanent scheme to ensure that we create a work force for the future.

A work force capable of coping with the basic needs of every employer.

Here's how it works. All 16 year old school-leavers qualify as do some others. They will all get 12 months of training and practical experience.

We will provide grants for the trainees you take on. (Companies that normally take on school-leavers each year get an extra incentive. When you take on more than your usual quota, we will provide a grant to cover both your usual quota and the extra trainees.)

Of course, you'll want more details before committing your company to the scheme. That's what the coupon and the phone number are for.

But one thing can be spelled out now. Without your help, we can't run the scheme.

With it, we can create the trained, competent young people to give this country the injection of energy, talent and ability it so sorely needs and which you have been looking for.

We have the budget to make the new Youth Training Scheme work – if you have the will. You need to do it today. Before you're knocked flat on your back.

For further information simply dial 100 and ask for "Freefone Moorfoot." Mon-Fri 8.30 am - 6.00 pm or fill in the coupon.

To: Youth Training Scheme, Room E721, Manpower Services Commission, FREEPOST, Sheffield S1 4BR. No stamp needed. FT31/1

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Youth Training Scheme

Creating a workforce for the future.

Berlin plans March exhibition of computer aided design

BY LESLIE COLITT IN BERLIN

U.S. PRODUCERS and users of computer graphics hardware and software will be descending in force on Berlin in March for what is billed as Europe's first convention and exhibition for users of computer aided design (CAD) and management graphics.

The Americans are trying to break into a potentially large European market, which has few suppliers.

Britain's General Electric Company and Plessey, West Germany's Siemens, and France's Schlumberger, which are among the few European suppliers, are attempting to prevent U.S. domination of yet another branch of data processing. They are doing this, in part, by buying up U.S. CAD producers.

All the major U.S. computer graphic suppliers and many of the companies using the technology are sending specialists to Berlin to present the "state-of-the-art" to potential European users. These include draughtsmen, production planners, managers, technicians, researchers, technology planners, system analysers, and computer supervisers.

The organisers of the computer graphics event — from March 14 to 17—the Berlin Company for Exhibitions, Fairs and Conventions (AMK) claims it can be compared in scope only with the annual meeting in the U.S. of the National Computer Graphics Association. It plans to make it an annual feature in the AMK schedule.

Some 40 speakers from the U.S. and West and East Germany, 12 from the UK and 29 from the rest of Europe and Japan, will discuss electrical and electronic CAD, management and presentation graphics, mechanical CAD, systems integration management, plant and construction design, and the introduction of CAD systems.

AMK considers it something of a coup to have secured the participation of a Toyota representative, who will present a user's experience with computer graphic applications.

U.S. companies from Standard Oil and Union Carbide to Eastman Kodak will discuss the application of CAD to their companies. General Motors will present the role of computer graphics in the GM boardroom system.

East European specialists are showing unusually strong interest in the event. The Comecon countries are estimated to have only 50 out of the 7,300 turnkey systems for computer-aided design. Eager as they may be, however, to obtain the technology, nearly all of it is on the Cocom list of items banned for export to the Soviet Union and Eastern Europe.

Market researchers estimate European sales in the computer graphics sector will duplicate the expansion 10 years ago in standard computers and will increase by up to 80 per cent over the next five years.

West German sales of graphic peripherals totalled DM75m in 1981 and are expected to rise to nearly DM 263m by 1986. Plotters accounted for about DM 126m in sales in 1981, and, according to a study, this figure could be expected to rise to DM 180m in the next four years.

Graphic software sales in West Germany were DM15m two years ago, and could increase to up to DM 300m by 1986. According to a study by Diebold Deutschland the West German market has the potential to expand to DM 1.1bn in the next four years, which would be divided up between peripheral hardware at 65 per cent and software at 35 per cent.

Three asked to bid on Atlantic cable

BY JASON CRISP IN LONDON

THREE COMPANIES have been asked to bid for a contract worth more than £250m ($390m) for the first transatlantic telecommunications cable using optical fibres.

The three companies are American Telephone and Telegraph (AT&T), Standard Telephones and Cables in Britain, and Submarcon, a subsidiary of the French group Compagnie Generale d'Electricité. The tenders are to be submitted in mid-May and evaluation is expected to be completed by November.

The only undersea cables using optical fibre – hair thin strands of pure glass which carry thousands of telephone calls in pulses of laser light – are experimental so far. Eventually the new cable will be able to handle 40,000 calls at a time.

All three companies may eventually supply part of the system. As AT&T may own up to half of the cable it is in a particularly strong position

AT&T has always insisted that cables terminating in the U.S. must use its electronics system.

British Telecom International will have the second largest share of TAT-8, which will be jointly owned by at least 26 telecommunications administrations.

Missile deal challenge

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITISH Aerospace Dynamic Group has launched a public campaign to try to ensure that a major missile contract for the Royal Air Force does not go to the U.S.

The contract, which BAe says could be worth £200m-£300m ($320m-$460m) over the next few years, is for a new anti-radar missile.

The UK Ministry of Defence is assessing two possible missiles to meet the RAF's requirement. The BAe version known as Alarm – for air-launched anti-radar missile – and a U.S. wea pon known as Harm – high-speed anti-radar missile – which is made by Texas Instruments. A decision is expected by April.

Algeria's railways in line for updating

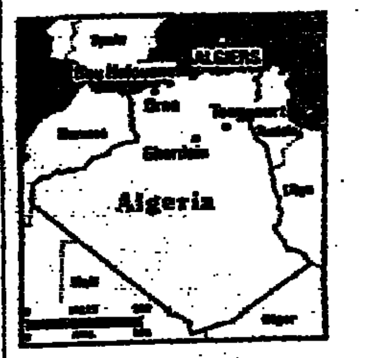
By Francis Ghilès

IN THE early hours of January 27 1982 two trains crashed into each other at Bou Halouane, on the busy main railway line which links Algiers with the eastern city of Oran.

One hundred and thirty people were killed and 150 seriously wounded. This was the most recent in a series of fatal rail accidents, which highlighted the extent to which the upkeep of Algeria's 3,700 kms of railways had been neglected since independence in 1962.

No new lines had been built since then; and existing lines and rolling stock were poorly maintained. One-third of the tracks were narrow-gauge, yet freight traffic had grown by more than 50 per cent between 1976 and last year, while passenger traffic had tripled.

The period had witnessed a massive increase in domestic air traffic, helped by a policy of cheap fares which put flying within reach of all Algerians.



Roads had also been improved and the number of cars and trucks increased dramatically.

However, radical improvements are now on the way for Algeria's ailing railways. Algerian planners intend spending $10bn (£6.5bn) by 1990 on modernising old lines, building new ones, buying new rolling stock and locomotives.

If the number of contracts signed with foreign companies provides any guide, then Algeria's Societe Nationale des Transports Ferroviares (SNTF) is in earnest. Most of these have been signed within the framework of inter-governmental agreement including France, Austria, West Germany, India, Brazil and the Soviet Union, among others.

Algeria and France signed a transport agreement last November. The main contract in the accord, won by France's Sofretu—an affiliate of the Paris metre, authority RATP—is for the design and construction of the Algiers metro, but French companies have also won other contracts elsewhere in this sector.

Austria has been very active, having used the rail sector as the spearhead of its penetration into the Algerian and Tunisian markets. Universale Hoch and Tiefbau is leading a group of companies who will rebuild and modernise the suburban network around Algiers at an estimated cost of $220m.

Meanwhile, the West German state-owned Deutsche Eisenbahn Consulting is helping SNTF to set up an engineering division and advising on the modernisation of existing lines. Italy's Italconsult and Belgium's Transurb Consult are active on the engineering side of a number of projects.

The expansion of the Algerian railway network has also provided Indian companies with their first major breakthrough there.

T e Indian state owned companies, Indian Railway Construction Company and Rail India Technical and Economic Services, have won contracts to build new lines and modernise old ones in south-west Algeria.

From Brazil, Transconsult Consultoria Tecnica has won a contract to design the 750 km southern loop which will link the cities of Touggourt and Ghardaia via the Hassi Messaoud oilfields.

The Soviet Union, meanwhile, is involved in a major project in the western highlands, building a track from Ain Moussera to Saida.

The United Kingdom has so far failed to show any great interest. A joint effort by W. S. Atkins and London Transport to secure the design and building contract for the Algiers metro failed in the face of French determination.

SNHF's aim is to modernise existing lines, which mostly run parallel to the coast and to build lines towards the south to improve services between the coast, where much of the economic activity is concentrated, and the interior.

It is also hoped that such projects will slow the flood of people moving from the hinterland to the crowded major cities in the north.

Other industries are being encouraged to set up in the south to achieve a more rational regional balance in the country's overall economic development.

As with other Algerian state contractors, SNTF is insisting that foreign companies help them train Algerian workers and engineers. The company expects its present staff of 18,000 to be increased by as much as half.

It also aims to increase the percentage of freight carried by rail from its present 15 per cent of all freight carried by land to up to 40 per cent.

BASE LENDING RATES

A.B.N. Bank	11 %	Gulf G'tee Trust Ltd.	12 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½%
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	11 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½%	■ Morgan Grenfell	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Banque du Rhone	12 %	Norwich Gen. Tst.	11 %
Barclays Bank	11 %	P. S. Refson & Co.	11 %
Beneficial Trust Ltd.	12 %	Royal Trust Co. Canada	11 %
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½%
Brit. Bank of Mid. East	11 %	Slavenburg's Bank	11 %
■ Brown Shipley	11 %	Standard Chartered	‖11 %
Canada Perm't Trust	11½%	Trade Dev. Bank	11 %
Castle Court Trust Ltd.	11½%	Trustee Savings Bank	11 %
Cayzer Ltd.	11 %	TCB	11 %
Cedar Holdings	11 %	United Bank of Kuwait	11 %
■ Charterhouse Japhet	11 %	Volkskas Intl. Ltd.	11 %
Choulartons	11½%	Westpac Banking Corp.	11 %
Citibank Savings	¶ 9 %	Whiteaway Laidlaw	11½%
Clydesdale Bank	11 %	Williams & Glyn's	11 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	11 %
Comm. Bk of N. East	11 %	Yorkshire Bank	11 %
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12½%		
Robert Fraser	12 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%. £10,000 up to £50,000 8½%. £50,000 and over 8¾%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits, over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

UK NEWS

Trade union reform proposals attacked as undemocratic

BY BRIAN GROOM

LEGISLATION requiring postal ballots for union leadership elections would be "undemocratic and unenforceable," the Labour Research Department (LRD) argues in a bitter critique of proposals on union democracy, put forward by Mr Norman Tebbit, the Employment Secretary.

The union-funded organisation claims in a new pamphlet that even the mildest of Mr Tebbit's proposals contained in a Green Paper discussion document, would involve unacceptable imposition of Government will on trade unionists' rights. "The most extreme pose the gravest threats to basic features of democratic society," it says.

The Green Paper is in three sections: union elections, strike ballots, and political activities. The favourite to be proposed for legislation in the summer is compulsory, postal ballots for the election of union lay executives, and possibly for full-time officers with voting rights.

LRD's pamphlet is an early shot in what will be a barrage of union criticism of the Tebbit proposals. It argues that if the Conversative party wins the general election, the proposals will be the starting point for the next government.

"Together they constitute a combined attack on the independence of the trade union movement, the right to strike, and the finances of the major opposition party," it says.

LRD argues that a variety of electoral practices have evolved to suit diverse needs. A key argument against postal ballots is that they isolate members, divorce people from the workplace, separate leadership elections from debate and action on problems which unionists face collectively, and are open to media influence.

The pamphlet claims the Green Paper uses innuendo, without supporting evidence to suggest unions are riddled with corrupt practices. It says the Paper ignores the debate and reform within unions on democratic issues in recent years.

Unions are not complacent about low attendances at branch meetings, LRD says, and have sought to improve this by bringing union business closer to the workplace.

On full-time officials, the formula for re-election of general secretaries with voting rights on executives is attacked as a "blanket solution" to a widely debated issue.

LRD takes issue with all the proposed methods of compelling unions to adopt a prescribed electoral system, in particular the idea that a union which refused could be taken over by Government appointees.

On pre-strike ballots, LRD says that no evidence is offered that unions fail to consult members

DOUBT CAST ON WESTINGHOUSE RECORD

Nuclear reactor output queried

THE CENTRAL Electricity Generating Board (CEGB) has been trying to convince Sizewell B inquiry inspector Sir Frank Layfield that the serious problems that have led to long delays and spiralling costs on its construction sites are phenomena of the past.

Contracts, design and labour problems on previous projects, a pessimistic forecast for the future of the coal industry, and an attempt to adjourn safety issues dominated the past week at the inquiry at Snape in Suffolk, into Britain's first proposed, pressurised water reactor (PWR).

This week, the inquiry will take place against a background of growing disenchantment with a European nuclear research project and a new report that suggests the Westinghouse PWR – the basis of the Sizewell design has a poor record for power production.

The Government is concerned about the rise in estimated costs of the joint European PWR safety research project, which has grown from £60m to nearer £200m. But the Energy Department says it will abide by the decision of the EEC ministerial research council, which will discuss the project on February 15.

The Sizewell nuclear reactor inquiry enters its fourth week tomorrow. A special correspondent assesses the issues raised so far.

Moreover, a study undertaken by a Sussex University research unit has found that although other pressurised water reactors have achieved almost maximum power output, the Westinghouse reactors are producing only 60 per cent of potential output, mainly because of long shutdowns for repairs and maintenance. The CEGB disputes the findings.

Meanwhile, severe design, contract and labour problems have seen the loss of more than 11m man-hours on CEGB construction sites during the past 20 years.

But for Sizewell B, the board intends to produce more detailed designs for each stage of the contract, before work starts. It will be assisted in this aim because the Westinghouse PWR has already been assembled widely in the U.S.

The board is also determined to hold contractors and the workforce in a firmer grip. A growing "no-nonsense" policy has been demonstrated during the past few years at other contracts.

The National Coal Board will not have been pleased with a forecast for the industry, given by the CEGB.

It told the inquiry that domestic coal prices would continue to be higher than imported coal until 1990, by which time the Government could be subsidising the industry by £1bn.

The board produced comparative figures for the capital costs of the various alternatives in electricity generation. A new advanced gas-cooled reactor would cost £1.6bn, compared with £1.25bn for a coal-fired station and £1.2bn for a PWR, the CEGB said.

The attempt to halt the safety part of the inquiry was made by the environment group Friends of the Earth, on the ground that insufficient progress had been made with safety. The inspector is expected to announce the decision within the next two weeks.

During the fourth week of the inquiry, which resumes tomorrow, the CEGB is to give evidence on the nuclear fuel cycle, the design of the Sizewell PWR and steam generator tube integrity.

Dunlop and Triplex win contracts as BL buys British

BY ARTHUR SMITH

BL HAS opted to buy British in the first significant test of the state-owned car group's plans to switch orders overseas unless the troubled UK car component suppliers can hold prices.

Dunlop will be sole supplier of steel wheels for the Austin Rover volume cars group. Triplex will supply 90 per cent of the glass.

Both deals last for only 12 months, however. Certainly in the case of Dunlop the arrangement merely buys time for the company to seek government funds to back a £5m investment programme necessary to save its Coventry factory and 650 jobs.

Dunlop's predicament underlines the plight of the component sector after the rapid decline of the UK vehicle assembly industry. Dunlop engineering's Coventry factory accounts for much of the UK car wheels industry. It is the dominant supplier to BL, Talbot and Vauxhall. Ford manufactures its own wheels.

Austin Rover's order for about 2.5m wheels a year is essential to the viability of the Coventry factory. But Dunlop has made plain to the Government that it can meet competition from highly automated factories in France and Germany only by committing new investment.

Such investment can only go ahead if the Government is prepared to make a contribution under the Industry Act.

Dunlop is only one of many large UK component suppliers with applications in for government help for the fundamental restructuring of the industry which is taking place.

The Department of Industry, while committed in public to a non-interventionist role, is thought to be examining ways of providing the millions of pounds necessary to rationalise the industry.

BL's purchasing policy, set out in the four-year corporate plan under consideration within Whitehall, is crucial to the future shape of the once prosperous components sector.

The Government, concerned at forecasts which on the most pessimistic assumptions could see Austin Rover meeting more than 40 per cent of its requirements overseas, compared with the present 20 per cent, requested a delay in the placing of large contracts.

There is a recognition in the Department of Industry of the importance of Austin Rover's buying decisions and the consequences on employment for the components sector.

BL will be important in the exploratory talks now under way between two of Britain's biggest motor component suppliers, Smith Industries and Lucas Industries, about pooling resources to provide a full range of electronic systems for the automotive industry.

The two companies, through a joint enterprise, could give Britain a technological lead in meeting competition from Japan and companies such as Bosch, in West Germany and Ford and General Motors. But they would need not only substantial government funding but also an indication from Austin Rover that they would pick up the necessary home contracts to justify such an international venture.

Labour cuts save Midland £50m a year

FINANCIAL TIMES REPORTER

THE MIDLAND, the least profitable of Britain's major banks, has cut its workforce by more than 5,000, or 10 per cent, over the last 2¼ years. The reduction is part of a concerted effort to contain its overhead costs, which are higher than average for British banks.

The reduction in the workforce, largely brought about by staff wastage and a strict curb on recruitment, is expected to have saved the group more than £50m in a full year. It should mean that the group's overhead costs, as a proportion of net operating income, are moving more closely into line with the ratios of the other big banks.

One of Midland's serious weaknesses in the UK has been its excessively high staffing. Over the past couple of years, the bank's senior management has made no secret of its wish to contain its growth in overhead costs.

Nonetheless, the size of the staff reductions indicates that the group has been more successful than many outside observers had thought possible.

Staff numbers in Midland's domestic and international banking operations fell from a peak of 47,700 in November 1980 to 42,900 at the end of 1982. These figures do not include staff reductions, at other companies in the Midland Bank group, such as Northern Bank, Thomas Cook and Forward Trust where more than 18,000 people are employed.

The reduction of 4,800 jobs in Midland Bank itself only reflects changes in the clerical and managerial staff levels. The bank is believed to employ another 10,000 either in part time or service jobs, where staff numbers have also been trimmed.

Over the past five years, Midland Bank's profits have stagnated, although its assets have more than doubled. The decline in profitability has caused concern in the stock market.

The bank is anxious to improve its capital ratios, after its $820m acquisition of majority control of the U.S. bank Crocker National last year

ANDREW FISHER REPORTS ON A BATTERED INDUSTRY

Papermakers see some hope

BRITAIN'S paper and board makers have been hanging on grimly since recession began to bite in 1980. But the latest spate of redundancy announcements shows that the market remains weak, although there are some signs of emerging strength.

Major cuts in capacity have been decided by Wiggins Teape, a BAT Industries subsidiary, and Thames Board, part of Unilever. Trinity Paper Mills, owned by the Liverpool Daily Post and Echo, is also shedding nearly 100 jobs.

For those companies which have survived through the withering recession, last year was as bad as any they have seen. The closures reflect the sad recognition that waiting for a sustained market upturn has become just too costly.

"Margins are so squeezed that there comes a time when you cannot hold on any more," comments Mr John Adams, director general of the British Paper and Board Industry Federation (BPBIF). In only the first month of this year, foreshadowed job losses of over 1,900 are not far short of the total for all of 1982.

Even so, the BPBIF and quite a few executives see very faint indications that demand may be improving. They certainly expect a boost from the weakness of sterling against major Continental European currencies.

The pound's steep fall should help curb imports, which account for nearly 60 per cent of deliveries to British customers, and also aid exports, small though these are. The price of raw materials, like pulp, will rise as this is dollar-based, but the currency swing is still welcomed.

"It is the best piece of news for three years," enthuses Mr Ronald Wylie, chief executive of Tullis Russell in Scotland. The company launched a new glossy printing paper last year – "the worst possible time with the market at the bottom" – but has lately seen a lift in demand.

The BPBIF, in its latest bulletin, says: "For sales volume, hopes are high for an upturn in 1983, but January is providing no confirmation so far." Last year, output slipped by over 5 per cent to 3.2m tonnes. In 1979, it was over 4.2m.

Since 1980, the UK industry's capacity has fallen by around a quarter to little more than 3.5m tonnes. But major producers like Dowater and Reed report that demand has picked up, although by nowhere like enough to restore healthy profitability.

This year, Mr Jonathan Benn, chairman of Reed Paper and Board UK expects, "we will see a modest upturn worldwide in the industry." Cautiously, he adds: "I do not see a terrific surge forward; it could be a year of progress instead of marking time."

He feels the present quarter is shaping up better than the previous three months. Last year, as in 1981, "We were on the right side of break-even." Reed, like Bowater, cleared its major capacity cuts out of the way earlier on in the recession.

At Bowater, UK demand recently has risen an estimated 5-10 per cent. But the group, which now has much larger U.S. interests, would like a bigger jump in demand.

With profits suffering from the weak U.S. newsprint market, Bowater has been badly affected by soft demand in the UK. Its managing director, Dr Ingram Lenton, believes that past rationalisation, including some machine closures in 1982, will help its UK operation this year.

However, he sees no solid improvement in the market in 1983 "until very, very late." At London stockbrokers Hoare Govett, analyst Mr Peter Large reckons Bowater lost as much as £10m on UK papermaking last year, though a major slice reflected redundancy costs.

Nonetheless, he sees 1983 as a year of profits recovery for the UK industry. Already, mills' order books are starting to stretch out and the currency move should help further.

Many companies, he notes, have warded off the worst effects of recession by upgrading and computerising their equipment. "There has been a lot of contraction, but what is left is rather more nimble."

The latest contractions will mean the eventual closure of three more mills and 15 machines. Of the 1,920 job cuts, Wiggins Teape will account for over 1,000 and Thames Board for nearly 800. Last year, there were 2,400 UK redundancies.

The latter has lost £8.7m over five years on its waste paper-based packaging board operation at Warrington, Cheshire. Capacity is 145,000 tonnes a year, but falling demand meant 1982 output was little over 100,000 tonnes.

It is now running up its new £90m machine in Cumbria at Workington to full operation in three years. This will triple output of high quality duplex board to 150,000 tonnes. Using virgin fibre from British wood, this product is in strong demand for top-grade packaging.

The board sector is one in which imports have made great inroads. Mr John Silver, marketing director at Thames Board, feels that the pound's fall will mean "that the severe impact of over-capacity in the board industry in Europe will not be so damaging."

Wiggins Teape sweetened its move out of the packaging paper sector with the sinking of £9m into fine papers. In the first half of 1982, it made a near £3m trading loss in the UK against foreign profits of nearly £20m.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1982							
1st qtr.	100.7	89.3	92	106.6	141.3	2,679	112
2nd qtr.	101.1	88.9	88	106.2	145.4	2,743	107
3rd qtr.	101.5	88.2	84	108.7	151.0	2,837	111
4th qtr.						2,913	115
February	100.7	89.7	94	106.1	137.6	2,680	113
March	101.7	89.8	87	106.6	142.3	2,688	111
April	101.3	89.1	96	105.9	146.1	2,715	110
May	101.6	88.5	94	105.9	145.4	2,740	107
June	100.3	88.1	75	106.8	144.8	2,773	105
July	101.4	88.1	82	107.6	152.2	2,814	111
August	101.4	88.1	84	109.2	150.9	2,832	114
September	101.8	88.3	86	109.1	150.1	2,866	107
October	101.4	87.5		109.2	158.8	2,885	114
November	100.2	86.8		109.7	171.6	2,906	114
December				111.0		2,947	118

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1981							
4th qtr.	93.3	89.3	122.9	85.8	82.3	75.6	11.6
1982							
1st qtr.	92.4	90.8	121.1	86.3	80.8	74.0	14.7
2nd qtr.	91.9	91.7	122.0	86.6	77.5	72.5	17.5
3rd qtr.	91.7	90.3	122.6	85.7	72.0	71.5	17.7
February	93.0	91.0	121.0	86.0	83.0	75.0	15.2
March	93.0	92.0	122.0	87.0	79.0	73.0	17.5
April	92.0	92.0	123.0	86.0	81.0	74.0	17.1
May	93.0	92.0	123.0	87.0	79.0	74.0	17.7
June	91.0	92.0	121.0	87.0	73.0	70.0	17.6
July	91.0	90.0	123.0	86.0	72.0	71.0	17.3
August	91.0	90.0	122.0	86.0	71.0	70.0	16.5
September	92.0	90.0	123.0	86.0	73.0	74.0	19.8
October	93.0	88.0	123.0	85.0	71.0	73.0	15.0
November	91.0	88.0	121.0	84.0	68.0	70.0	18.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1981							
4th qtr.	131.8	125.7	+490	+1,497	+698	99.7	23.35
1982							
1st qtr.	125.0	122.5	+323	+733	+707	101.5	18.97
2nd qtr.	130.4	129.1	+125	+887	+891	101.7	17.70
3rd qtr.	124.3	125.1	+401	+1,007	+1,264	100.9	18.30
February	124.0	120.2	+177	+313	+289	101.2	23.37
March	132.2	124.5	+280	+397	+231	101.7	18.97
April	133.4	128.5	+224	+479	+418	101.8	18.16
May	131.7	134.0	−115	+145	+311	101.4	17.82
June	126.1	124.8	+ 9	+263	+162	101.9	17.70
July	125.4	122.6	+178	+379	+410	101.2	17.94
August	117.2	123.9	− 34	+168	+479	101.5	18.11
September	130.2	127.8	+257	+458	+375	100.0	18.30
October	127.4	124.9	+259	+489	+496	98.7	18.50
November	133.1	125.0	+470	+700	+586	98.4	18.00
December							17.90

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1982							
1st qtr.				+3,194	967	2,157	
2nd qtr.	2.1	8.2	26.2	+4,535	1,344	2,188	
3rd qtr.	15.2	12.6	28.3	+4,842	1,796	2,399	
4th qtr.	19.0	13.3	30.9	+5,015	2,139		
February	8.0	6.9	17.1	+1,131	347	688	
March	3.7	7.2	34.5	+1,206	284	794	
April	− 2.3	4.8	26.1	+1,648	437	728	
May	− 0.5	9.5	26.8	+1,684	478	710	
June	10.7	18.2	25.8	+1,240	429	750	
July	14.2	11.3	25.4	+1,389	691	698	
August	17.5	12.3	26.6	+2,034	457	856	
September	14.2	14.0	28.8	+1,429	668	845	
October	24.0	18.2	32.4	+2,870	886	802	
November	17.4	12.2	25.4	+1,158	763	862	
December	15.9	9.8	23.2	+ 987	499		

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1982							
1st qtr.	216.9	238.2	234.3	311.6	297.7	242.40	91.1
2nd qtr.	222.7	240.0	238.2	321.5	304.1	233.48	90.3
3rd qtr.	227.8	244.9	242.0	323.0	297.0	228.88	91.4
4th qtr.	—	250.8	246.8			238.84	89.2
March	219.7	235.7	235.5	313.4	299.2	242.40	90.5
April	219.6	239.2	237.0	319.7	302.6	246.84	90.0
May	222.5	237.7	238.3	322.0	305.6	237.39	89.9
June	226.0	243.2	239.2	322.9	304.1	233.48	91.1
July	230.3	245.0	241.0	323.0	299.5	229.51	91.2
August	226.9	244.1	241.7	323.1	295.5	229.60	91.4
September	226.2	245.6	243.2	322.9	295.9	228.56	91.7
October	228.0	246.1	245.1	324.5	296.5	227.18	92.5
November	232.0	251.8	246.4	326.1	296.8	226.03	89.5
December		254.5	248.8	325.5	300.1	228.84	85.6

* Not seasonally adjusted.

Venture funds expected to announce merger

BY TIM DICKSON

NEW PLANS for the £2m, Anglo-American Venture Fund – which is backed by the Government but managed by the Californian venture capitalist Mr Jack Melchor – are expected to be announced this week.

Agreement is understood to have been reached in principle for a link-up between Anglo-American and Rainford Venture Capital, a similar sized but privately backed fund also making investments in young companies in the North of England. Rainford is managed by Venture Founders, a U.S.-based management company.

The proposed merger will create a combined venture capital operation with funds of £4m, which could well be doubled after a capital raising exercise planned for later in the year.

Under the new arrangements, Mr Melchor, who has directed Anglo-American through a management company which he jointly owns, will probably play a less prominent role. Like Venture Founders, however he will continue to be involved on a consultancy basis.

Anglo-American attracted attention last year when Mr Melchor voiced his disappointment at the progress of the fund, which has committed £1.1m to five young high technology companies since its launch in November 1980. The British Technology Group, which is his UK partner in the venture, pointed out that his remarks should be put in the context of the extremely healthy flow of venture capital deals in Northern California, where Melchor's own management company is based.

Precise details of the merger between Anglo-American and Rainford – the latter's shareholders include Pilkington Brothers, the Industrial and Commercial Finance Corporation (ICFC) and the National Westminster Bank, have apparently not yet been finalised. The two funds will for the moment continue to be managed separately but a new UK-based management team is already being recruited.

The new combination will restrict its activities to the North of England where both parties are convinced that there are an increasing number of good opportunities for venture capital investment.

The BTG is known to feel that it can build on what has been learnt from a close working relationship with American venture capitalists.

UK NEWS

UK car output fell in 1982 for third successive year

BY KENNETH GOODING

BOTH BL, the state-owned car company, and Ford suffered a fall in car production last year, but compensated to some extent by increasing commercial vehicle output.

In contrast, General Motors' Vauxhall subsidiary pushed up car production by no less than 61 per cent from the 1981 level. But output from its commercial vehicle subsidiary, Bedford, failed to keep pace with the overall improvement of the market, rising by 7 per cent against the 17 per cent for total UK production.

Talbot UK, owned by the Peugeot group, saw car output plummet 52 per cent in 1982 because of problems over financing for its contract to send car kits to Iran. These now seem to have been resolved.

Commercial vehicle production under the Dodge badge from Karrier Motors, jointly owned by Peugeot and Renault, fell 24 per cent last year as the Dodge Spacevan, extensively used by the Post Office and British Telecom, was phased out.

Statistics from the Society of Motor Manufacturers and Traders confirm that UK car output remained below 1m, having fallen for the third successive year. The 1982 total was back to a level not seen since the mid-1950s.

Ford's 10.4 per cent drop in car production was due to the phasing out of Cortina production at Dagenham, where it has been replaced by the Sierra, and a steady fall in exports. Ford is now supplying its Far East network from its Japanese associate, Toyo Kogyo, rather than from the UK plants.

BL could not quite make up for its failure to meet UK market share and volume targets (it hoped for 20 per cent of new car sales but achieved only 18 per cent) by increasing export sales. So its output of cars slipped 2 per cent.

The 17 per cent rise in total commercial vehicle output last year must be seen in the context of 1981 being the worst since 1949.

Ford contributed most to the recovery with a 35.5 per cent jump in commercial vehicle output. During the year it reduced the prices of some versions of its best-selling Transit van and improved the specification of others.

The 6.7 per cent rise in BL's commercial vehicle output came mainly from the revival at Freightrover, which makes the Sherpa van. However, at the heavy end of the business, Leyland vehicles took a long while to recover from the effects of the six weeks' strike – a protest about its rationalisation and redundancy plans – at the beginning of last year.

Vehicle production UK

	Cars		Commercial vehicles	
	1982	1981	1982	1981
BL				
Austin-Rover	369,839	388,322	34,792	25,395
Jaguar-Daimler	22,042	14,677	–	–
Range Rover-Land Rover	13,235	10,441	39,303	41,699
Leyland Vehicles	–	–	14,299	16,302
Total BL	405,116	413,440	88,925	82,396
Ford	306,835	342,171	115,627	85,324
Talbot/Dodge	55,235	117,498	6,295	8,457
Vauxhall/Bedford	112,069	69,932	51,733	48,311
De Lorean	1,333	7,408	–	–
Car Bodies	1,554	n/a	–	–
Lotus	572	345	–	–
Reliant	67	66	3	–
Rolls-Royce/Bentley	2,489	2,067	–	–
TVR	121	164	–	–
Hestair Dennis	–	–	746	835
ERF	–	–	1,736	n/a
Foden	–	–	746	613
Metro-Cammell-Weymann	–	–	378	641
Seddon Atkinson	–	–	1,821	1,359
Others	658	574	681	713
Total	887,679	954,650	266,796	229,565

Source: Society of Motor Manufacturers and Traders (n/a: not available)

NEW CORPORATE PLAN OUT NEXT MONTH

British Steel faces 5,000 more job cuts

THE BRITISH Steel Corporation's rapidly dwindling workforce (90,000 at the last count) has less than a month to wait before being confronted with new plans, drawn up by Mr Ian MacGregor, BSC's chairman, that seem certain to provide for at least another 5,000 job losses this year.

The British Steel Corporation's chairman, Mr Ian MacGregor (right) is due to present his Corporate Plan to the Government next month. Peter Bruce reports that it is certain to propose further heavy cuts in the workforce throughout the corporation.

Some 10,000 of BSC's present complement is already working on borrowed time following a grim spate of redundancy announcements in the closing weeks of 1982. Any comfort offered by the Government's decision, against the advice of the Corporation, to maintain steelmaking at all five of BSC's integrated plants, is fast dissolving.

Mr Patrick Jenkin, the Industry Minister, announced on December 20 that steelmaking at all the plants would continue, though he added that the decision did not guarantee any jobs. However, the full impact of the wide brief given to Mr MacGregor to cut and save, within those parameters, is only now beginning to dawn.

The BSC chief is scheduled to present his ideas, in the form of a new Corporate Plan, to the Government next month. It is certain to propose heavy cuts throughout the organisation, including at the Ravenscraig plant in Scotland, which Mr MacGregor has been prevented from closing down completely. He estimates this decision will cost the Government £100m a year, at current levels of demand. The fact that BSC's losses are now running at £9m a week, up from £7m in September, makes the run-up to presentation of the plan even more ominous.

Mr MacGregor's ultimate target is to take BSC to breakeven. Before the collapse of the market last summer, the breakeven target was 1983. This has been set back at least two years, and the external financing limit of £365m, imposed on BSC by the Government, has been well and truly breached.

But the Government is committed to running down the EFL to nought by the time an EEC deadline to end steel subsidies comes into effect at the end of the 1984-85 financial year.

It seems highly unlikely, however, that with losses mounting, and only a small increase in demand (from 11.8m tonnes in 1982/3 to 11.9m tonnes in 1983/4) forecast by BSC for the UK, that BSC will be able to get by with the £200m EFL proposed for this year, without severe operational and staff cuts. Even then, redundancies, which should be financed out of the EFL, will have to be paid for.

In evidence to a select committee last week, Mr MacGregor intimated that BSC and the Government might run into trouble with the European Commission, which has to approve the level of subsidy, if it diverged too sharply from the downward path before the deadline.

The apparent contradiction between a commitment to falling subsidy, and the need to inject more cash into BSC, has clearly pushed the Government into an act of brinkmanship which may be difficult to maintain. Basically, Mr Jenkin is betting on an improvement in the market that Mr MacGregor does not believe will come about.

BSC forecasts, based on surveys of customer intentions, show only marginal improvement in demand over the next three years.

Improvements in the strength of sterling, relative to the D-Mark, improved productivity and inward investment, seemed to form the basis of his optimism. Observers believe, however, that Mr Jenkin has no hard evidence, beyond the improvements in the rate of exchange, to support him.

There are no signs, in the absence of a reflationary budget, of an improvement in demand from Britain's major steel users, the motor and engineering industries. The inward investment Mr Jenkin referred to, before the select committee, is the possibility that Nissan might build a car plant in the UK. As BSC's owners, Mr Jenkin said, the Government was entitled to take a broader view of the market than Mr MacGregor.

Mr MacGregor made it clear that he and the Department of Industry had disagreed on future trends in the market and he is likely to draw up his plan accordingly.

Mr MacGregor is thought still to want to close everything but the continuous casting machines at Ravenscraig, at a cost of 2,000 jobs.

BSC Light Products, with operations at Stocksbridge and Tinsley Park, near Sheffield, is also likely to face cuts. The division makes narrow strip for razor blades, wire and road vehicle springs. At least one of BSC's three tinplate works in south Wales is also to be under threat, and Mr MacGregor's throwaway remark to the select committee – that BSC was operating two strip mills too many – may raise fears beyond Ravenscraig.

Employers to consider water strike arbitration

BY PHILIP BASSETT, LABOUR CORRESPONDENT

WATER authority employers are expected today to meet officials of the Advisory, Conciliation and Arbitration Service (Acas) to consider whether the pay dispute with their 29,000 manual workers can be put to arbitration.

As Britain's first national water strike enters its second week, both Government and employers yesterday indicated that a move to binding arbitration might be the only way out of the dispute.

Mr Tom King, Environment Secretary, said of the strike: "We have to find a more sensible way – and a more sensible way is mediation or arbitration."

Mediation has already been tried. The offer produced by the Acas-appointed mediator, Mr Ian Buchanan, of 7.3 per cent over 16 months, was roundly rejected by union members last week in a consultation exercise mounted by the three manual water unions.

Binding arbitration is provided for in the industry's procedural agreement and is the final stage of the method for resolving disputes.

Mr King placed the onus for moving to arbitration squarely on the unions.

After today's meeting between the employers and Acas, pressure for the unions to go to arbitration is likely to be stepped up.

The employers do not want to make the reference themselves, and after last week's overwhelming vote against the offer, neither do the unions.

Government considers nuclear advertising

FINANCIAL TIMES REPORTER

THE GOVERNMENT, concerned at what it considers to be a one-way propaganda traffic on behalf of the Campaign for Nuclear Disarmament, is to consider whether to proceed with an advertising campaign to explain its views on nuclear deterrents and disarmament.

The advertising agency J. Walter Thompson is expected to put its proposals for such a campaign to Mr Michael Heseltine, the Defence Minister, in the next two weeks.

A public debate now seems likely to take place over the propriety of public funds being used to fund an advertising campaign by the Government in a politically sensitive area.

However, the tide of protest against the siting of cruise missiles in Britain has failed to engulf the Social Democratic Party.

At a meeting over the weekend of the party's "parliament," the Council for Social Democracy, the leadership succeeded with surprising ease in defeating proposals for total opposition to cruise missiles and for an immediate nuclear freeze. Only two speakers mentioned the demonstrations at Greenham Common, a proposed base for the missiles.

The council did decide to approve a proposal that companies should not be able to contribute to political parties without the prior agreement of their shareholders. The SDP receives most of its funds from individuals.

COMPANY NOTICES

PORTUGUESE GOVERNMENT
3% EXTERNAL DEBT 1902

In accordance with the law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund instalments due 1st January 1983 have been effected by the Junta do Credito Publico in Lisbon as follows:

1st Series Bonds

Purchases in the market consisted of 4 bonds of £20.00 and 7 bonds of £100.00 totalling £780.00. The balance of the instalment was made up by the drawing in Lisbon of 950 bonds of £20.00 each and 290 bonds of £100.00 each having a total value of £48,000.00.

Certificados de Divida Inscrita

4 Certificates of £20.00 having a total value of £80.00.

2nd Series Bonds

Purchases in the market consisted of 13 bonds of £19.18s.-d. (Decimal £19.90) each totalling £258.70, and 1 bond of £99.10s.-d. (Decimal £99.50). The balance of the instalment was made up by the drawing of 225 bonds of £19.18s.-d. and 5 bonds of £99.10s.-d. having a total nominal value of £4,975.-s.-d. (Decimal equivalent £4,975.00). In accordance with the terms of the General Bond, bonds of this series are repayable at a premium of 25% on their face value.

Certificados de Divida Inscrita

3 Certificates of £19.90 having a total nominal value of £59.70.

3rd Series Bonds

The instalment has been met by the drawing of 3,240 bonds of £19.18s.-d. each and 141 bonds of £99.10s.-d. each having a total value of £78,505.10s.-d. (Decimal equivalent £78,505.50), together with an equal number of non-interest bearing bonds.

Certificados de Divida Inscrita

10 Certificates of £19.90 having a total nominal value of £199.00.

The afore-mentioned drawn bonds are repayable from 1st January 1983 to 30th June 1988 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO., Limited, 8 Bishopsgate, London EC2N 4AE, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

BANQUE NATIONALE DE PARIS

Floating Rate Note issue of U.S.$250 million

January 1980/88

The rate of interest applicable for the three month period beginning 31st January 1983 and set by the reference agent is 9½% annually.

TENDERS FOR GREATER LONDON BILLS

1. The Greater London Council hereby give notice that Tenders will be received at the Chief Registrar's Office, (Bank Buildings), Bank of England, London EC2R 8EU, on Monday, 7th February, 1983, at 12 noon for Greater London Bills to be issued in conformity with the Greater London Council (General Powers) Act, 1967, to the amount of £35,000,000.
2. The Bills will be in amounts of £5,000, £10,000, £25,000, £50,000, £100,000 or £250,000. They will be dated Thursday, 10th February, 1983, and will be due 91 days after date, without days of grace.
3. Each Tender must be for an amount not less than £25,000, and must specify the net amount per cent. (being a multiple of one halfpenny) which will be given for the amount applied for.
4. Tenders must be made through a London Banker, Discount House or Broker.
5. The Bills will be issued and paid at the Bank of England.
6. Notification will be sent by post, on the same day as Tenders are received, to the persons whose Tenders are accepted in whole or in part and payment in full of the amounts due in respect of such accepted Tenders must be made to the Bank of England, by means of cash or by draft or cheque drawn on the Bank of England, not later than 1.30 p.m. on Thursday, 10th February, 1983.
7. Tenders must be made on the printed forms which may be obtained either from the Bank of England, or from the Council's Offices at The County Hall.
8. The Greater London Council reserve the right of rejecting any Tenders.

M. F. STONEFROST,
Comptroller of Finance.

The County Hall,
London SE1 7PB.
31st January, 1983.

PUBLIC NOTICES

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

3½% Debenture Stock, 1979-84
5½% Debenture Stock, 1986-88

NOTICE IS HEREBY GIVEN that the REGISTERS of the CORPORATION'S above mentioned Debenture Stocks will be CLOSED for TRANSFER and REGISTRATION from the 15th to 28th February 1983, both days inclusive.

By Order of the Board,
H. J. McTURK,
Secretary.

48 Palmerston Place,
Edinburgh EH12 5BR.
31st January 1983.

TECHNOLOGY

EDITED BY ALAN CANE

BRITISH AIRPORTS AUTHORITY OPTS FOR INNOVATION IN INFORMATION

Gatwick's flight of micros

BY ALAN CANE

THE BRITISH Airports Authority is to install a £250,000 system for flight information at London's Gatwick airport in a project which breaks new ground in computer technology.

Travellers passing through the airport, now fourth busiest international airport in the world, from next November will watch the flap-boards and television monitors for news of their flights in the usual way . . . but behind the scenes a new era will have opened up in information handling.

The new system:

● . . . is built of nine microcomputers, each costing only £1,000 but linked together to behave like one massive information engine.

The old and obsolete system which is being replaced runs on a pair of minicomputers—a technique which was itself a breakthrough only a few years ago—which are now proving impossible to maintain effectively.

● . . . has been awarded to Digitus, a small systems company in the Covent Garden area of London best known as a retailer of microcomputer systems. It is an authorised dealer for the IBM Personal Computer.

Started by Mr Alan Wood and a number of colleagues who used to work for Data Logic, a leading UK systems house, Digitus won the Gatwick contract against a number of leading UK electronics and computer companies on price.

Mr Steve Feldman, manager for special systems at Digitus said: "All the bids were around the same for software costs—about two thirds of the value of the contract. Our total bid was lower than the rest because we specified low cost microcomputers."

Mr Stan Reynolds, BAA electronics engineer with responsibility for the new system said: "The bid was so low we took a very careful look—then made Digitus carry out computer simulations to convince us their ideas would work." Mr Reynolds said he was "85-90 per cent sure that the authority was not taking an unnecessary risk in implementing such a revolutionary system.

● . . . the system is built around a local area network (LAN), a method of moving information from one computer to another in a small geographical area quickly, with a very low failure rate and at a reasonable cost. LANs have been seen as the answer to a number of information transfer problems in the automated office and factory but there are a very small number of successful implementations.

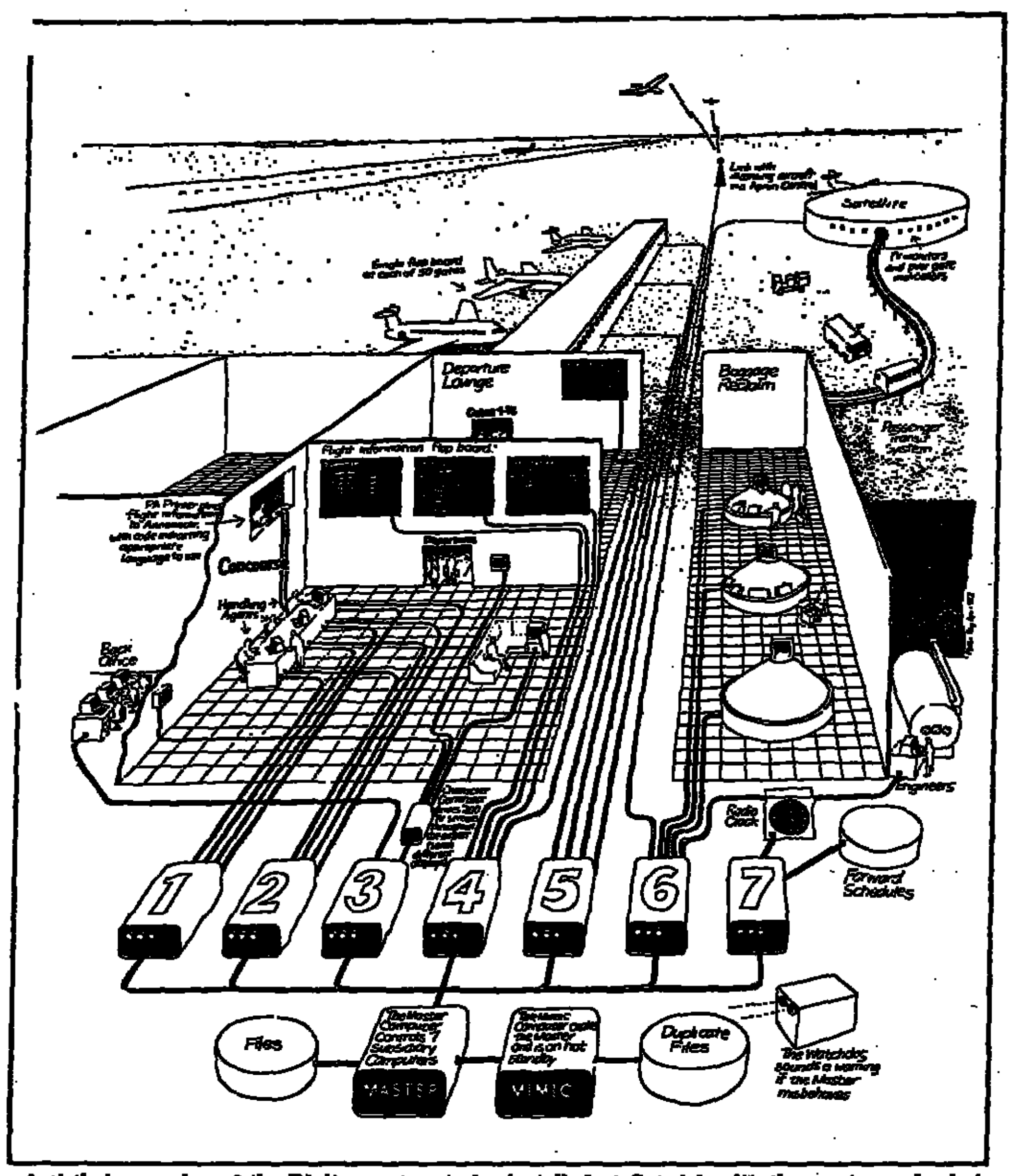
Digitus is using an LAN called HiNet, a proprietary system from the U.S. company Digital Microsystems (DMS). Each of the microcomputers in the system is a DMS 64 kilobyte machine based on the Z80 processor.

The flight information system will feed flight times and warnings to the public monitors and flap-boards but it will also provide specialised flight information to other airport staff—the baggage handling department and the catering department for example.

It tells public address announcers in which language to make announcements.

Resilience is vital in such a 24-hours-a-day system and Digitus believes it has ensured this by using paired master computers each with their own files. A third computer outside the system acts as watchdog and raises the alarm if the master and its mimic go astray.

The seven subsidiary computers duplicate each other's efforts so that in the case of failure, most facilities remain live.



Artist's impression of the Digitus system to be installed at Gatwick with the master and mimic micros in the foreground. The new passenger transport system can be seen, top right

'PRINT ON DEMAND' MARKET SET FOR GROWTH

Why 'Xerox this book' will soon sound less daunting

SOME $60bn will be spent this year on printing, according to Mr Robert Adams, President of the Printing Systems Division of Xerox Corporation, but less than 2 per cent of that will be taken up in "electronic printing."

Within five years or so, however, it could be as high as 20 per cent and the writing will be on the wall in letters of fire for traditional print shops.

"Electronic printing" is a term coined by Xerox for a combination of computer technology, laser technology and xerography, the printing technique which made Xerox's fortune.

Mr Adams says: "There isn't another company as interested in paper as Xerox. The printing systems group has been in existence for about five years and now it is one of the fastest growing parts of the Corporation.

"Last year it turned over $300m—small stuff for a $9bn company but it is growing at 50 per cent a year."

Mr Adams said there were two driving forces. First, the knowledge that greater volumes of information were being created electronically — "hard copy originals might simply become unavailable to us" and the need to exploit further the corporation's xerographic technique.

The result was the 9700 electronic printing system—the name has now become generic. In its latest realisation it links a xerographic printer ("deep down inside, it's the 9400 copier," Mr Adams says) coupled to electronics which enable it to accept text in electronic form—and now diagrams and photographs.

Robert Adams

The idea is that complete documents can be printed at the touch of a button and "on demand."

One application already being put in practice in the U.S. is motor car driver manuals. With the number of options available, these have become a manufacturer's nightmare.

Now one U.S. manufacturer gathers information electronically about each individual model as it passes along the transfer line and prints out a version of the manual, specific to the individual car, at the end.

In the UK, customers for the new machine include HM Stationery Office. Robert Maxwell's British Printing and Communication Corporation has already installed a 9700 without the graphics scanning capability but has a further five systems on order.

The range includes the 9700 at about £220,000 together with a further £70,000 for the sophisticated software to carry out text handling and graphics control, the slower 8700 at about £180,000 and the bottom end 2700 at £14,000.

The system can be linked together so that documents prepared at head office on the 120 page a minute can be transmitted down a telephone line to be printed out on one of the smaller machine in the regional offices.

Colour is not yet a feature of the system and is "still some way off" according to Mr Adams, but Xerox is well advanced in colour xerography—and the development of such a machine would open the way for cull colour in-house printing.

It means that small printing shops might have to buy such a machine or go out of business. Large companies could offer a bureau service based on spare capacity on their machines.

Cost comparisons are difficult, according to Mr Adams, but electronic printing seems to have the edge over conventional off-set lithography up to print runs of 1,000 or so. The cost of the 9700 family of machines will in any case decline in real terms, Mr Adams says.

A.C.

COMPUTER OUTPUT ON MICROFILM

Eurocom for IBM mini users

EUROCOM DATA, the National Westminster Bank bureau specialising in the production of computer output on microfilm (COM), has introduced a new service aimed at users of IBM minicomputers and of other minis that provide data in comparable formats.

The company says that the new service will offer the same integrity of data and the same confidentiality as its present services in which data is extracted from customer's tapes.

To ensure this, handling of the customer's floppy disk is almost entirely automatic. Up to 10 floppies are kept and transported in a special cassette, two of which are loaded directly into an automated IBM reader. This moves each floppy in front of the read head which checks it and then reads the data into a Kennedy tape drive.

Up to 119 discs can be dealt with on each run and they do not have to be in a particular order. The system will read sort parameters set by the Eurocom program, identify documents to be covered and discard the remainder.

The tape is taken to the Datagraphix COM unit for the production of the master fiche which are later duplicated to the customer's requirements.

Costs are naturally dependent on the nature of the job, but are on average about £5 per floppy. More on 0923 774323.

Energy

Cutting the cost of steam heat

Bestobell Engineering, a supplier of specialist engineering products to industry, has extended its steam product package with the introduction of a new range of "condensate recovery sets," which, it says, can cut energy costs considerably by returning condensate to the boiler hotwell.

A wide range of units is available to handle all sizes of application. The full range comprises 24 standard units available with receiver capacities from 25 gallons to 200 gallons.

"Payback time of an installed unit can be as little as 12 weeks and typical savings of £15,000 a year may be expected from a user with an annual fuel bill of £150,000," the manufacturer says.

A special feature of the receiver on the CRS units is the epoxy resin internal lining which gives outstanding resistance to treated boiler water, overcoming problems encountered with traditional galvanised units.

Bestobell is on 0753 23921.

Instruments

Temperature spread monitor

Orange Instruments has announced its SM200 temperature spread monitor. This microprocessor based instrument monitors the temperature spread in gas turbines and diesel engines and similar applications. It can read up to 10 temperature inputs, compare them with the average and gives alarm and trip outputs if set levels are exceeded. More on 0604 22930.

BOND DRAWING

CASSA PER IL MEZZOGIORNO
U.S.$20,000,000 6% Guaranteed Bonds 1985

S.G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,200,000 due 1st March, 1983, has been met by purchases in the market to the nominal value of U.S.$79,000 and by a drawing of Bonds to the nominal value of U.S.$1,121,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

1379 to 1387	1402 to 1411	1429	1446 to 1452	1463 to 1485
1491 to 1810	1821 to 1833	1889 to 1892	1911 to 1961	2009 to 2050
2060 to 2300	2341 to 2356	2358 to 2362	2367	2373 to 2392
2397 to 2400	2406 to 2420	2427 2428	2432 to 2450	2456
2461 to 2478	2954 to 2957	2966 to 2975	2983 2984	2991 to 2996
3004	3089 to 3107	3114 to 3143	3166 to 3185	3321 to 3330
3351	3359 to 3361	3421 to 3427	3436	3438 to 3440
3478 to 3490	3504 3505	3507 to 3515	3522 to 3553	3568 to 3600
3626 to 3629	3631 to 3645	3648 to 3650	3656 to 3660	3671 to 3757

On 1st March, 1983, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1983, and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$2,300,000 nominal amount will remain outstanding after 1st March, 1983.

The following Bonds previously drawn for redemption on the dates stated below, have not as yet been presented for payment.

1st March, 1977
8541
N.B. the Bonds drawn 1st March, 1977 become prescribed 1st March, 1983

1st March, 1981
640 to 645 685 853 1103

1st March, 1982
10551

30, Gresham Street, London, EC2P 2EB — 31st January, 1983

LEGAL NOTICES

IN THE MATTER OF RUNGROVE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 25th day of April, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, F.C.A., of Singla & Co., Chartered Accountants of 423 Alexandra Avenue, Harrow, Middlesex, HA2 9SE, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 25th day of January, 1983.
S. K. SINGLA, F.C.A.
Liquidator.

No. of Matter 78 D 120
In the DARLINGTON HIGH COUNTY COURT
HEWGILL v HEWGILL

A Notice of Charging Order proceedings has been filed against the Undermentioned
JOHN ARTHUR CRITON HEWGILL late of Lily Hotel, Lillie Road, London, who may apply to the County Court at 4 Coniscliffe Road, Darlington, County Durham, for a copy of the notice. If within one month, he has not communicated with the Registrar, the Court may proceed in his absence.
J. A. BROUGHAM.
Registrar.

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INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

BUILDING AND CIVIL ENGINEERING

Call to improve material exports

A HARD-HITTING report recommending ways in which British manufacturers of building products can improve their sales performance against overseas competitors is published today by the Building Economic Development Committee.

The report, prepared by Industrial Market Research, charts the inroads which have been made by foreign manufacturers in a number of traditional British building product markets and the failure of some home-based companies to take full advantage of export markets.

It suggests a number of measures that might be adopted by manufacturers, government and public purchasing bodies to improve the economic performance of the industry as well as assist the country's trade balance.

It suggests that public purchasers of building products should specify goods built to British Standards. These standards, says the report, should be established at levels which would encourage both public and private sector sales in the home market. They should also be sufficiently stringent to enhance the reputation of the product in export markets.

The report also stresses areas where British companies might take steps to improve their own performance. The six products examined in the report are: wooden doors and frames; kitchen units; particleboard; ceramic tiles; cladding and decking; and air conditioning units.

It says: "UK manufacturers of the products examined in the study have generally adopted a policy of following trends rather than initiating them and this has often led to competitors developing new market opportunities and gaining a foothold in the UK."

ANDREW TAYLOR

Plant hire unprofitable

HIRING OUT of most earth moving equipment is unprofitable in present conditions, according to a review published by the Construction Plant-hire Association.

Third in a series dealing with the economic viability of sectors of the construction plant industry, it covers a number of commonly used items of earth-moving plant and mirrors the findings of the two previous reviews—on small non-operator plant, and cranes—that plant hire is currently uneconomic.

The review deals in some depth with four types of earth moving equipment and, during the two years studied, the average actual revenue earned by the machines was well short of that needed for economic viability.

According to the review, it is clear that for two years at least, companies have generally been losing money on their earth-moving plant hire operations. The review claims that such a situation cannot go on indefinitely if the plant hire industry is to continue to be able to provide a comprehensive service to its clients.

The Association says that the common practice of quoting "inclusive" hire rates, which include the machine and the virtually inescapable and rising costs of the driver, and often of consumables (such as fuel, oil, etc), has seriously contributed to the financial non-viability of earth-moving plant.

In a letter to members, the association says: "that to have attained economic viability, all the earthmoving machines studied needed (on average) some very substantial increases in hire revenue, which could only be brought about by increased machine activity—or by increased hire rates—or both."

The letter states: "It is evident that the majority of firms have been unable to fund the eventual replacement of these machines out of hire revenue and, in some cases, nothing has been contributed from machine revenue even towards indirect overhead costs."

Pointing out that the purchase of new machines has already been severely curtailed, the association recommends further thinning-out of plant holdings by mothballing plant, breaking for spares and, where possible, selling secondhand plant abroad.

Reductions in numbers of available machines would increase activity levels and raise the revenue per machine retained in use; this would be likely to lead to increased hire rates for machines, and revenue improvements for plant fleets.

TONY FRANCE

Built in 1769 for the young King George III to observe the transit of Venus, the Kew Observatory at Old Deer Park, Richmond, is being totally refurbished and restored for occupation by the Lesser Group as its new headquarters. Cyril Lesser, group chairman, is pictured in front of the observatory. Following completion in October this year, the telescope area will be made accessible to the public, and a small astronomical history museum created

Budget policy attacked

JOHN COX, president of the Institution of Highway Engineers and chairman of Tarmac National Construction, has added his voice to the growing criticism by Britain's construction industry of the Government's construction budgeting policy.

While Mrs Thatcher puts the blame for this year's underspending on capital projects firmly on the shoulders of local government and the contractors, Mr Cox accuses the spending departments of producing erroneous budgets in the first place, and then compounding the error by unreasonable rigidity on annual cash limits.

"Two years ago," says Mr Cox, "contractors were accused of making big profits in road building because their prices were 7 per cent above Ministry estimates. Last year our prices were 16 per cent below the Ministry estimates and we were blamed for underspending. Is it possible that any contractor can swing his prices by 23 per cent and survive?"

"I suggest that the estimates themselves are wrong. Because the Department of Transport is manned by administrators it is no longer able to take the engineering dimension into account when drawing up its estimates. This has far reaching effects. Our workload is tied to ministerial budgets. If they are wrong, it affects the numbers of contracts placed and the workload suffers accordingly.

But this problem is made worse by the Government's refusal to carry over unspent cash at the fiscal year end. "Our industry is subject to the vagaries of our climate," comments Mr Cox. "The end of March as a cut-off date is totally inapropriate to budgets associated with weather sensitive operations like road building."

TOM SEALY

REFURBISHING

Cash saving in Chelsea

THOUGH CONSULTING engineers like to get their teeth into prestige schemes like the National Gallery Extension, they are just as likely to be tackling ageing warehouses in Chelsea and rusting offices in Bristol.

That, at least, is the case for Stefan Tietz, whose firm, S. B. Tietz and Partners, forms part of the successful team put together by architects Ahrends Burton and Koralek for the National Gallery project.

Renovation of existing, outdated buildings provides an increasingly important source of business for consultants like Tietz and his partnership has been tackling two challenges demanding differing solutions.

At 5, Jubilee Place, Chelsea, Tietz was faced with a three-storey warehouse in a serious state of deterioration and non-viable as a warehouse because the investment required could not be justified. It demanded a better use, the insertion of another floor and the replacement of existing timber floors which constituted a fire risk and were ruled out by general building regulations.

Four concrete floors instead of three of timber meant additional weight which would prove too much for the lowest level of brickwork and the foundations to carry. This level was, therefore, carried on new concrete piers and foundations, allowing the brickwork above to carry the new floors.

"In this situation," said Mr Tietz, "it is more usual to put in a totally new frame to carry the load. Our solution led to a saving of some thousands of pounds, and the final result is a modern four-storey office building finished to high standards and occupied by the Midland Bank."

In Bristol, Tietz had to establish whether an office building, first built around 1945, using brick cladding around a steel frame, could be saved at all. "The steelwork was rusting," says Mr Tietz, "resulting in conditions dangerous to the outer skin of brickwork. Rust expands" he says "and pushes the brickwork out. It was a continuing deterioration and any solution had to stop the same conditions repeating themselves in future."

If Tietz had simply taken the brickwork off, painted the steel and put the brickwork back, the same problem would have arisen again. The porosity of the brick was letting through moist air, which subsequently condensed, adding to the deterioration of the steelwork.

Tietz's solution here was to remove the rust, partly encase the steelwork (in concrete) and raise the "dew point" to stop further condensation. "The dew point," explains Mr Tietz, "is that temperature at which vapour in the air becomes moisture. We are tackling this with better insulation, using a high insulation inner leaf."

The repair is in two phases. The first stage simply took care of the worst of the damage, treated some steelwork, repaired some cracks in brickwork and put on a temporary roof which avoided further ingress of water.

The main stage will allow cladding of the steelwork, the introduction of new brick walls externally. Windows are being reduced to assist energy saving and, at the same time, the whole of the interior is being renovated to include new services and a new lift.

With Chelsea, and the savings involved, Mr Tietz could only measure the difference between one form of renovation and another. At Bristol, the choice was an alternative to demolition and redevelopment and the sum involved is accordingly much bigger.

"We saved, as cash, in the order of £½m compared with the cost of an equivalent building started from scratch," says Mr Tietz, "since reconstruction made possible the use of all floors and frame.

"Had a similar building been constructed now," he says, "a higher standard of casing and thermal insulation would have been necessary so in that case the savings would have been even greater."

WILLIAM COCHRANE

CONTRACTS

£11.5m building work for Wallis

G. E. WALLIS & SONS has been awarded contracts totalling over £11.5m. The largest contract for £3.4m is to build a mentally handicapped unit at Dartford, Kent, for the South East Thames Regional Health Authority. The single-storey building will provide day care facilities, a swimming pool, dental, physio-speech therapy, chiropody, central kitchen, staff dining, staff recreation and offices. Under a contract worth nearly £1.5m Wallis will build a training college for the TUC at Hornsey with a residential block and day nursery. Work is expected to take 15 months. A £1.25m contract to build a three-storey office block for ICI plant protection division at Haslemere, Surrey, has also been won. A £500,000 contract has been awarded by the Department of the Environment's Property Service Agency for the reinstatement of stone domes on the Victoria & Albert Museum roof. Canterbury City Council has awarded a £2m contract for the conversion of the Odeon Cinema into a theatre and concert hall. The western division based at Newport, Gwent, has announced contracts worth over £3m, including a block of 76 flats and bedsitters in Cardiff, an extension to a hospital in Merthyr Tydfil and improvements and alterations to existing council housing in Risca.

*

Building and civil engineering contracts worth £6m have been won by MOWLEM NORTHERN. The biggest, worth £2.5m, is for a major redevelopment scheme in the centre of Grantham, Lincolnshire. The project, being undertaken by William Morrison, will include a 5,700 sq metres superstore, a bus station, library, public house and multi-storey car park. Mowlem Northern are the principal building subcontractors to the management contractors, Conder Midlands, of Burton-on-Trent. At Burley Lane, Leeds, Mowlem is to build 71 houses for Leeds City Council. Valued at £1.5m the work comprises 33 two-storey houses, 24 two-storey flats, 14 bungalows and a single-storey community centre. The Doncaster-based civil engineering division has won a £517,000 contract for the renovation of a surface water sewer at Ford Street, Derby, for Derby City Council. At South Feriby, Humberside, the division has a £384,000 contract to build a single carriageway, two-lane bascule bridge, carrying the A1077 across the River Ancholme and Ancholme sluice. The client is Humberside County Council. At Bridlington the Beverley office has been awarded a contract worth about £700,000 to build a supermarket for Amos Hinton & Sons.

AROUND THE INDUSTRY

● THE BRITISH STANDARDS INSTITUTION has issued a new draft for development (DD81) "Ground anchorages" to give guidance to the civil engineering and construction industry. Aimed specifically at civil engineers it lays down the principles of good practice for a technique that is increasingly being used to solve problems involving direct tension, sliding, overturning, dynamic loading and ground prestressing. Copies of DD 81 from the BSI sales department, 101 Pentonville Road, London N1 9ND at £33 (£16.50 to BSI members).

*

● A 20 per cent saving on the laid cost of a pipeline is claimed by HEPWORTH IRON COMPANY of Stocksbridge, Sheffield, for its new clay drainage material "Super Sleve." Because of the intrinsic high strength of the material, considerably more than British Standard 65, the company considers it unnecessary to introduce gravel as a bedding material. Automatic production ensures an increase in standards of dimensional accuracy. Other features are its lightness, strength, workability and smooth flow characteristics. Super Sleve is available in 100 mm diameter by 1600 mm long pipes with the usual range of fittings and using polpropylene couplings. More from 0226 763561.

*

● BRITISH SOLVENT OILS has extended its range by introducing a new mould release oil for rapid process formwork applications using semi-dried concrete mixes. Called Extracon QR, the company claims that the product gives an efficient, rapid and positive separation of the form from the mould, without creating surface pulls, particularly where metal moulds are used. More on 0272 298399.

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● By using new manufacturing techniques and materials, SHORFORM of Haywards Heath, Sussex, claims to have developed an adjustable steel prop which is both cheaper and lighter than its competitors. The prop has a completely enclosed thread and is protected both inside and out with an antirust paint. A feature is the captive "G" pin manufactured from high tensile steel. The prop complies with BS 4074:1982 and is available in BS Prop sizes 0 to 4. More on 0444 412556.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

"This is Arthur: he's just confounded your annual sales predictions in a month"

What makes the winners tick

Richard Lambert reviews a new book on golden rules for success

SCRAP that ill-conceived matrix chart, forget that mis-shapen learning curve. The good news from America is that the corporate planners who made the lives of line managers such hell during the 1970s are now on the retreat.

It may have something to do with the recession. It probably also owes something to the fact that so many companies have been through the strategists' mill—and still not found the promised land. Whatever the explanation, there appears to be a refreshing change of mood among U.S. consultancy firms.

No one would ever accuse an employee of the Boston Consulting Group or McKinsey of humility. But there does seem to be a growing recognition that success in business may depend on more than just a proper understanding of a handful of rather simple rules.

A sign of the times is the success of a recently-published book by two men with a McKinsey background, Thomas Peters and Robert Waterman. They had the good idea of identifying a little over 40 really successful U.S. businesses, and then trying to discover what makes them tick. The result makes exciting reading.

Although written in the style that might be expected of two Stanford MBAs, there is no disguising the message: successful companies treat their employees well, and have an almost irrational dedication to serving their customers.

The central theme is that winning businesses are not motivated simply by financial goals, or by an exclusively analytical approach to their markets. It's not that they don't make plans, or do all the market research they can. But they refuse to let planning become an end in itself, and are willing to encourage practices which would simply not bear analysis in the ivory towers.

Frito-lay, for instance, is prepared to spend several hundred dollars sending a truck to restock a store with a couple of cartons of potato chips. That, you would think, is the road *to ruin in a competitive commodity business.* Yet through *its dedication to the sales force* and its "99.5 per cent service *level,*" the company built a market share and a profit margin that was the envy of the food industry.

Peters and Waterman say that eight attributes generally characterised the excellent companies which they studied. The best bits of the book are the anecdotes which accompany these golden rules.

● A bias for action. In the great companies, you may well see a swarm of small task forces, each with a life of perhaps five days and aiming to come up with an idea that will result in line operators doing something different. You will not find a 35-person working party spending 18 months on a 500-page report.

You will find an intense but informal system of internal communications—what Hewlett-Packard calls "management by walking about"—and a willingness to break down the organisation to a size where people can get to grips with its problems. There will be an emphasis on experiment—what Fluor describes as "taking an idea and making metal out of it." and a determination to keep things simple. At Procter and Gamble, the language of action is the famous one page memorandum. At Texas Instruments, there is an emphasis on the doable: each manager is set one milestone per quarter. "More than two objectives is no objective," is one of TI's watchwords.

● Close to the customer. The authors say that in observing the excellent companies, and especially the way they interact with customers. "What we found most striking was the consistent presence of obsession. This characteristically occurred as a seemingly unjustifiable overcommitment to some form of quality, reliability or service."

McDonald's is fanatical about its slogan of "quality, service, *cleanliness and value.*" Boeing is absurdly concerned about its *after-sales service. IBM wants* its salesmen to "act as if they were *on the customer's payroll.*" Somehow, all this pays *off at the bottom line.*

Of course, it is possible to overdo the overkill. The safeguard is to listen to what the customers say, and to find a particular niche in the market where you can be better at doing the job than anyone else. "Braniff thought that quality meant Alexander Calder paint jobs and comely stewardesses. Delta knows it means planes that arrive on time."

● Autonomy and Entrepreneurship. Good companies encourage their managers to think of themselves as champions, and are prepared to sacrifice a neat organisation chart to keep people on their toes. Small independent new venture teams are squirrelling away the whole time at 3M; brands compete against each other within Procter and Gamble; IBM has its famous "performance shoot-outs." Johnson and Johnson believes that "you've got to be willing to fail," while Hewlett-Packard says: "We're not really sure exactly how the innovative process works. But there's one thing we do know: the easy communications, the absence of barriers to talking to one another are essential."

● *Productivity through people.* "IBM's philosophy," says *Thomas J. Watson Jr,* "is largely contained in three *beliefs. I want to begin with* what I think is the most important: *our respect for the* individual." When Rene MacPherson took over at Dana Corporation 10 years ago, his first act was to destroy 22½ inches of policy manual and replace them with a one page statement of his belief in management's obligation to communicate with Dana people, and to provide them with proper *training,* incentives, and security.

The authors warn *about what* they call the "gimmicks trap." *Quality circles, they say,* are only the latest in a long line *of tools that can either be very* helpful, or can simply serve as *a smokescreen while management* continues to get away with not doing *its real job of* managing people.

● *Hands on, value driven.* The successful companies are un*ashamed collectors of tales and* legends in support of their *basic beliefs.* Frito-lay tells service stories; J. and J. tells *quality stories; 3M tells innovation stories.* Their values are *usually expressed in qualitative* rather than quantitative terms, and *flow right through* the organisation. Delta people really do believe that they work for a better airline.

Another striking feature of *the winners is that* they are nearly all marked by the personality of *individual* leaders who created and defined their values. *Disney,* Watson, Hewlett-Packard—the list is almost as long as that of the companies themselves. Successful leaders can both inspire the troops with lofty visions and keep them up to the mark through their daily attention to detail.

● Stick to the knitting. It's no surprise to learn that the excellent companies seldom make major acquisitions. The typical *diversification more* dilutes the guiding qualitative theme: man*agement loses its "feel"* if it jumps into new activities.

Companies like 3M are constantly making acquisitions—*but they tend to be small,* and related to its existing business *disciplines.* The good companies like to expand their field *of operations* in manageable steps—and are prepared to abandon a move quickly if it does not work out.

● *Simple form, lean staff.* Few of the excellent companies *have formal* matrix structures. Johnson and Johnson, for one, goes to extreme lengths to keep its organisation simple, divi*sionalised,* and autonomous. And it seems that however big the company, there is seldom need for more than about 100 people in the corporate headquarters.

● *Simultaneous loose-tight* properties. This is a nasty piece *of jargon which means the co*existence of firm central direction and maximum *individual* autonomy, and is really a summary of the other *seven* points. In companies like McDonald's, *autonomy is a product of discipline,* and allows people to *experiment confident in their* understanding of the values *which really count within the* organisation.

Some of these ideas sound trite. Yet it is remarkably *difficult to think of any out*standing business anywhere *that does not share a majority* of these characteristics.

In search of excellence: lessons from America's best run companies. By Thomas Peters and Robert Waterman. Harper and Row, $19.95. Available in the UK from early March, price £12.50.

Thomson Organisation training

Tailor-made to develop high-flying executives

DON ROSE is not much impressed by the traditional method of training high-flying executives for top-flight jobs. He is convinced that sending them on a two-week residential course at a reputable business school does not generally groom them well for the task.

To him, management development is a highly personal process—and not one to be neatly packaged into a short teaching *programme* of predictable topics such as strategic plan*ning and inter-personal skills.* A training programme incorporating only these subjects will not necessarily produce a *well-rounded* management team, he contends.

Even the new "tailored" courses offered by some business schools for specific managers are too formal for his purposes at International Thomson Organisation, the energy, publishing and travel group, which had sales of £1.2bn in 1981 and employs 22,000 people.

What Rose advocates instead is a rolling educational programme concentrated in sessions of up to three days and heavily geared towards the specific problems of individual executives.

These problems vary. For example, when any of the company's rising stars says he or she finds it difficult to make verbal presentations, special tuition in public speaking is provided.

Computers and information technology, management accounting, negotiating skills and decision-making are other subjects which preoccupy Thomson executives. These subjects all feature in most conventional management training modules; the difference at Thomson is that executives are given expert and personal supervision, if necessary on a one-to-one basis. (There are also more "traditional" sessions on wider social, economic and political themes. Past speakers include politicians such as Enoch Powell, Denis Healey and Neil Kinnock, and management gurus like Igor Ansoff and Edward de Bono.)

Rose also believes in "live" case studies. Executives who want to learn more about strategic planning are taken to companies like Corn Products (the Green Giant food concern) and Shell, both of which have a solid reputation in the field of long-term planning.

Employees who have been earmarked as future directors also get an opportunity to analyse and criticise their own board's long-term strategy. *Their observations may then be* used by group directors to improve their own strategy.

Basil Denning, an independent consultant with wide experience in management training and a participant in Rose's programme, describes it as a "thorough, competent approach *to management* development, in contrast to the ad hoc approach used by many companies."

Another advantage, says *Simon Majaro, a specialist* in international marketing who *also participates in the Thom*son programme, is that "because *it meets closely the needs of* participating managers, it is *more germane to the specific* needs of a company."

Rose's own background is by no means typical. Now group *personnel director,* he began his working life as a parish *priest in Port Talbot in Wales.* He subsequently joined Richard *Thomas and Baldwins as an* industrial relations officer at its *Llanwern steelworks and then,* at the age of 28, joined Thomson *as a personnel and training* officer at the Western Mail in *Cardiff.*

Managerial potential

He went on to become a *divisional personnel director* and then five years ago—at the *age of 43—got the company's* top personnel job when the new post created.

Thomson then operated what *Rose describes as a* "half-hearted" appraisal scheme to *identify outstanding executives.* Every year 40 individuals with managerial potential and 14 with director potential were *sent on a two-week residential* course at two well-known business schools where they attended programmes incorporating *the traditional* range of management subjects.

Rose's views *on management* development were formed early on in *his career while he* was employed at the Llanwern steelworks, *where the general mana*ger at the time was Campbell Adamson, *the future director*-general of the Confederation of British Industry.

"The general ethic is that when *you develop managers,* everybody stands in line and *you feed them the same medi*cine. Campbell Adamson taught *me that much of that medicine* is unnecessary," he says.

Rose's first move was to conduct a so-called management audit, which took the form of *separate discussions between* members of the main board and the chief executives of the group's seven divisions.

These meetings (now happening annually) centred on the succession problems which could arise in the event of the resignation, promotion or death of any of the *individuals reporting* directly to top management. *They also had to take account* of the group's future business *plans, which included* expansion in the U.S. and the revitalisation of the UK base through modernisation.

"*Having identified* the individuals considered suitable for *the top jobs,* we had to devise a management development programme to suit their needs," says Rose.

In the event Rose decided to concentrate on a narrower band *of* high-flying executive than *before*—12 individuals who were *considered* to have main board potential and 28 thought to be good enough for the top operational jobs.

As before, the former continue to use the facilities of the Oxford Centre for Management Studies but the latter *have* been transferred from Ashridge Management College to Henley — the Management College — mainly because Rose found Henley more accommodating to his ideas.

Both the Oxford and Henley programmes cost Thomson around £190,000 last year — equal to about £4,750 per executive and considerably more than most British companies spend on management development. It is too early to judge its success, but executives who have just finished their first year under the new programme are generally enthusiastic.

John Jermine, the operational head of the educational and publishing side of the business, who is taking part in the Oxford programme for future directors says that as a result of the courses he thinks he has become "more commercial and pragmatic in my attitude, certainly less dogmatic than before." Roger Peverett, marketing and development director of Lunn Poly, Thomson's package tour subsidiary, is equally positive about the programme.

"Of fundamental importance," he says, "is the fact that the content and direction of the programme is in the hands of the course members. Because we conceive it, it means there will be a better response and the learning curve is shorter."

Arnold Kransdorff

Management abstracts

The accuracy of chairmen's non-quantified forecasts. A. Steele in Accounting and Business *Research (UK), Summer '82.*

Brings some powerful mathe*matics to bear on an analysis of* qualitative forecasts in chair*men's reports: concludes that,* while there is a tendency to*wards over-optimism, pessimistic* statements do remove market uncertainty—and that the forecasts are not, as some claim meaningless.

Why it never pays to copy packaging ideas. D. Lock and T. Pettersen in Design and Art Direction supplement to Campaign (UK), 10 Sept '82.

A couple of pack designers condemn others for imitating packs already on the *shelves,* asserting that such "me-tooism" merely tends to *emphasise* the quality of the original; picks out preserves and do-it-yourself adhesives/fillers as examples of how some designers opt for conformity instead of seeking uniqueness.

The Japanese way of remuneration. G. C. Schulze, in Bedrijfsvoering (Netherlands), July/August '82 (in Dutch, English version available).

Sees the Japanese approach to remuneration as being a factor contributing to the country's industrial success. Explains how "employment for life" and adherence to seniority affect the position, and how *employees'* remuneration (there is no distinction between workers and staff) is determined.

These abstracts are condensed from the abstracting journals published by *Anbar* Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p: cash with order) from Anbar, *PO Box 23, Wembley HA9 8DJ.*

THE ARTS

A Map of the World/Lyttelton

Michael Coveney

The Indian novelist Victor (not Ved) Mehta arrives in a film studio to protest about the distortion of his work by a Greek director. He emerges from the depths of the Lyttelton stage as if from a tomb. He is scarcely welcome but the actors assure him they are doing their best, and with sympathy. He settles for that.

It is a poignant moment in a play which the author, David Hare, has directed himself. Since I first saw it at last year's Adelaide Festival, *A Map of the World* has lived with me as one of the very best new plays of recent years. The setting appears at first to be a luxury hotel in Bombay where delegates for a conference on world poverty have been convened by UNESCO. Victor is one of them. His presence is resented by the Senegalese, who dislike his novels and their popularity in the West on account of the jokes.

An American film actress, Peggy Whitton, is also staying in the hotel. So are two journalists, booked in to cover the conference, Elaine from CBS and Stephen from a British left-wing literary magazine. The waiters jump the minute Victor enters the cool and discreetly lavish lobby snapping his fingers for champagne.

One of the many stylistic pleasures of the play is to note how polished phrase-making slips into the convention of apostraphised declamation. For the conference is the subject of the film in question. And, like the skin on an onion, the action is assiduously unpeeled by both the incisively surgical writing and the large-scale gestural devices of switches of stage realism.

Just as a scene of increasing artificiality between the two journalists reaches a peak of absurdity, Mr Hare cuts with insouciant swagger to the floor of the film set. The stage is transformed, a crew emerges from the wings, the hapless Angelis (Stefan Gryff) shakes his head and the actors grumble about textual fidelity and personal mannerisms. It is a sure sign of the play's richness and assurance that the separate worlds of interpretation and real argument are so distinctly laid out

The plot is thickened by the intrusion of personal fallibility. Victor tumbles in the face of the "all fiction is lies" argument — eloquently expounded by John Matshikiza as the African delegate — the minute he is bribed by Peggy's threat to reveal his sexual overtures. And Peggy herself, putting her body where her mouth is, states she will sleep with whoever wins a private debate in this predominantly public context.

Alastair Muir

Diana Quick

Hayden Griffin's superb design and Nick Bicât's taut and pregnant soundtrack contribute in no small measure to sustaining the show's tension. But the play itself has so many arguments built into it, so many ideas casually dropped like plants in a minefield of subtle misunderstandings, that this seductive presentation works as both corollary and bonus to the main business.

As in Adelaide, Roshan Seth gives a stunning performance as Victor. It begins as a display of good manners and picks its way through many fascinating by-ways before ending as a sepulchral, resigned and defeated figure.

In the difficult role of Peggy — Mr Hare has a very special line in elusive, impetuous femininity—Diana Quick is perhaps a trifle too much in control, but she has some very fine moments. Bill Nighy's Stephen is unfortunately garbled and inaudible, although he certainly looks the part and I particularly liked the way in which his accent of lower-middle class origin betrays itself in conditions of emotional conviction.

Philippa Davies/Wigmore Hall

David Murray

Miss Davies is now the flautist of the Fires of London, and much admired in that capacity. Her solo recital on Friday included music by the Fires' presiding spirit, Peter Maxwell Davies; one expected her to have a special authority with it, and in fact the Nocturne performed here for the first time (though written almost four years ago) was intended for her. It employs the alto flute, on which Miss Davies' densely suggestive tone is specially enhanced, and she luxuriated in its trills and tremoli. The Nocturne has at bottom a lazy, lolloping rhythm, curiously like some late Fauré barcarolle, and I thought her *rubatu* sometimes left it too vague; her expressive subtlety made a potent impression none-the less.

She was crisp and engaging with Maxwell Davies' slightly earlier *The Kestrel Paced Round the Sun*, a lucky spin-off from his First Symphony that reveals further charms at each hearing. With her accompanist William Howard she made Schubert's Variations on "Trock'ne Blumen"—a dreaded flute vehicle that generally suggests an automated steam-whistle — seem unusually musical, from a gravely beautiful Introduction through the later cascades and curvettings. She might have done as much for the Divertimento by Jean Françaix, but there Mr Howard had only the dimmest notion of the transparent mock-innocence that this slight music requires.

The big Prokofiev Sonata in D, which one is always glad to have wrested away from the violinists who have been pre-empting it since Oistrakh, was too cautious by half; too little extrovert panache from Miss Davies, and more subfusc playing by her pianist. He also essayed for Skryabin études unaided; that was imprudent. Both performers ended the evening in far better form with a version of Bártók's Fifteen Hungarian Peasant Songs—one less song here than in the piano original—that sounded marvellous on the flute, bracing and affecting by turns.

The Rehearsal/Yvonne Arnaud, Guildford

Michael Coveney

The latest work of some of our leading dramatists — Stoppard, Frayn and Hare — has found new impetus in the use of theatrical artifice. As a broad method of creating drama there is nothing new under the sun. In England you can trace this theme right back through Restoration tragedy and Shakespeare to the morality plays of the 15th century. In our own day, the leading and most persistent exponent in Europe has been Jean Anouilh.

The Rehearsal (1950), presented at the Yvonne Arnaud, Guildford, for a four-week run before a national tour and the West End, in Lucienne Hill's standard translation, is set in an 18th-century château. The guests of the Count and Countess assemble in full period fig to rehearse a private performance of Marivaux's *Le double inconstance*. Anouilh's confection develops its own dramatic power along emotional patterns analogous to the Marivaux play. Beginning as frothy costume drama, it darkens to the black comedy of middle-aged rivalry, drunken truth-telling and the proposed defloration of an innocent young girl who has been hired as a child-minder.

"Life lacks form; it is the business of art to give it some" someone declares, but Anouilh turns this theory on its head in the remarkable last scene where Hero (Dinsdale Landen) pours out his heart to young Lucile (Lalla Ward) in an attic bedroom and reveals how he lost his true love at the age of 19. Since then, it has been booze and despondency all the way.

Gillian Lynne's production is not right yet, even given the considerable advantage of Carl Toms's ingenious, seductive design of mirrors, marble pillars, murals and candelabras. Leslie Caron as the Countess sounds like someone either putting on a rather bad French accent, or trying to lose a rather good one, and she seems, for the moment, incapable of repose or indeed of any natural expression whatsoever. Mr Landen, on the other hand, schemes his performance with cunning and energy before being sucked into the vortex of his own maudlin creation. The tragic dimension is not one usually associated with this actor, but he suggests that it is by no means beyond him. He could end up by giving the performance of a lifetime.

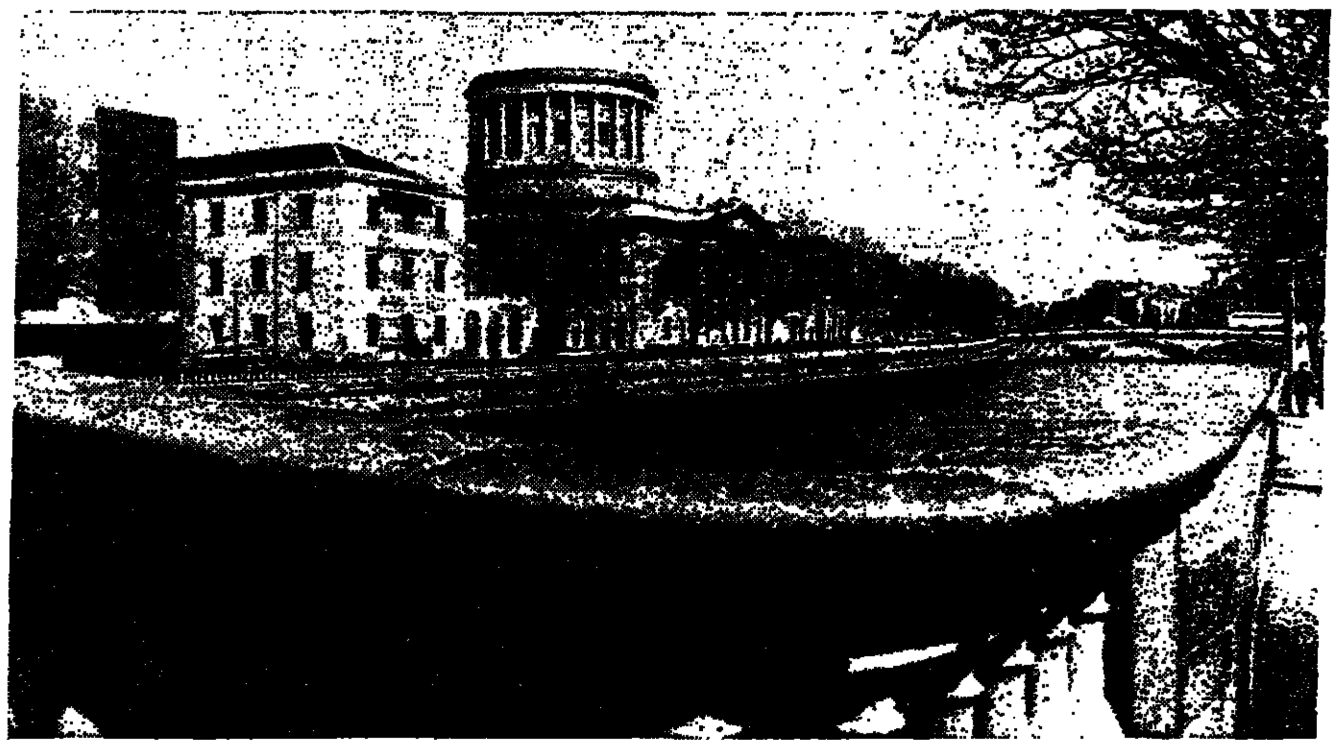
The Count, his friend from way back, is suavely and sympathetically played by the ever-admirable Peter Jeffrey, and there is reliable support from Richard Caldicot and Kate O'Mara. The production, overall, just lacks an ensemble brio and a final gloss of good taste. Much of the action, for instance, is accompanied by a whining salon soundtrack, and each half of the performance prefaced by a ludicrously inappropriate snippet from Sondheim's *A Little Night Music.*

Leslie Caron

Architecture

Colin Amery

Ireland's fair city



The Four Courts on the Liffey—is Dublin's Georgian heritage safe?

There is always a sense of discovery about a visit to Dublin. It is a city that, although it ranks with London and Paris in architectural terms, remains curiously unknown. Today it pleases the visitor by the very fact that it is slightly off the map, more than a little neglected and full of unhurried Celtic charm.

The major discovery of this visit to the Irish capital was the work of some of the younger architects now working in Dublin. In an exhibition at the Solomon Gallery, in the converted Powerscourt Townhouse Centre, Cochrane, Flynn-Rogers and Williams were showing their talents in a mixed show entitled, *Architectural Fantasies and Realities* (running only until February 2).

This is an important architectural event because their work confirms the movement in architecture that sees new buildings evolving naturally from their roots in history. It is a complex show, more than 140 exhibits covering ten years of practice, but displayed in a way that instantly appeals to the general public. These architects are keen on getting a message across to the public—that architecture is a friendly and approachable art.

The more serious point of this exhibition is often obscured by a layer of what American critics now call gay eclecticism—what used to be seen as camp theatricality. But, and it is a major but, there is a serious purpose to these apparently lightweight exhibits. First of all this partnership has always believed in the need to preserve buildings and to re-use, where possible, elements of demolished buildings. Second, the inclusion of elements of the past has always gone hand in hand with a development of craftsmanship. At the Marlfield House hotel at Gorey, a fine conservatory has been added with jungly murals by Claudio Viscardi. The exotic shape has been achieved by using the highly flexible new polycarbonate materials but the interior and the concept rely on history and sympathy for the old house to which it is joined.

In conjunction with Thermal Units Ltd these architects have devised ways of making concrete blocks look like stone which can be cut and even rusticated. In the show a curiously designed triumphal arch demonstrated the versatility of this material. It is at present being used in a housing project in Chester where the design is pleasingly classical.

A scheme for the redevelopment of the Ardmore Film Studios as a crescent of Palladian houses—all built of the new thermal concrete—shows that the transformation of concrete into acres of classical splendour cannot be far away.

Another important event in Dublin last week was the launching of an exciting scheme by Arthur Guinness Son and Co (Dublin) to house the international exhibition of ancient and contemporary art—ROSC '84—in a converted hop store at their St James's Gate brewery. The hop store is a good example of Victorian industrial architecture which will now be saved and given an imaginative and effective new use.

I saw another very ingenious and effective conversion of a building in the Liberties area of the city—the Powers Distillery has now become the home of the National College of Art and Design. The architects Bourke-Kennedy Doyle have made enormous efforts to retain the character of the Victorian industrial complex without resorting to pastiche. Bright colours and a high glazed link provide a contrast to the brick and corrugated iron glories of the distillery.

What of Georgian Dublin? It has suffered and continues to do so. The famous views along the quays of the Liffey have been sorely marred by the horror of the civic offices now rising—however efficient the design by Sam Stephenson—it was a foolish and deeply insensitive decision to wreck the river views of a city that has never suffered from war damage.

In Lower Mount Street, a crucial part of the Georgian plan of Dublin, grotesque damage has been done by the erection of a series of unbelievably mediocre office blocks.

I was appalled to see the damage that continues to be wrought on the Georgian north side of the city and even in the very heart of the flourishing south side there are two major Georgian houses in Upper Mount Street that have lost roof tiles and will soon be in grave danger.

On a more positive note the major restoration of the Royal Hospital at Kilmainham (Dublin's Chelsea or Invalides) proceeds apace under the careful eye of architect John Costello. This great early classical (1680) building is to be used by the Government for conferences

Dublin still needs to take several major steps to secure its remarkable heritage and the most important of these would be for the Government to fund the Irish Architectural Archive. This entirely voluntarily funded body does what would be the work of a small government department in any other country. It records and collects material about all aspects of Irelands' architecture and could disappear if it is not guaranteed a regular income.

London Choral Society/Elizabeth Hall

David Murray

The excellent London Choral Society performed under Simon Rattle with the London Sinfonietta on Saturday (sponsorship by Capital Radio), and the whole evening was a resounding success. The first half of it went to the Sinfonietta winds alone with a rock-solid double-bass, as Mozart is now known to have specified for the great B-flat Serenade, not a contrabassoon. (Robin Golding's programme notes were uncommonly full and helpful.) Fresh from his inspired work in the Philharmonia's Mahler on Thursday, the oboist Gordon Hunt shone particularly, but all the players—including the vital pair of basset-horns—were first-class.

Rattle kept them maximally alert and Mozart's brilliantly inventive contrasts got full value. I still recall with delight a Bath Festival performance of the Serenade by the E.C.O. wind; this one offered a less golden blend of tone—the Sinfonietta favours a leaner sound—but great musical energy. As expected, Rattle drove hard through the quickest movements and also through the second Minuet—but the Trios of both Minuets were treated with the most delicate tact and the Romanza was a lovely effusion. The central Adagio, taken at a just tempo (the E.C.O.. reading came nearer Andante and a near-trundle), rose to its true height. Golding's notes rehearsed good grounds for thinking that Köchel's catalogue-number 361 places this incomparable music too early; it belongs with the first of the great concerti in 1783-84.

The Choral Society appeared for Stravinsky's Mass and his *Requiem Canticles*. That provoked further invidious comparisons with David Atherton's Stravinsky Festival just past. Ideally the Mass wants treble and alto boys' voices, which Atherton had, but I thought it the only insipid performance in the Festival; Rattle capitalised on the splendid diction of his adult chorus to render the music far tauter, even to the point of exaggerating its offbeat stresses to a theatrical scale. It was exciting, and so was his sharp-edged reading of the *Requiem Canticles*—absolutely lucid, with a decisive conclusion to match, though Rattle's guest soloists did not erase memories of Atherton's superb pair. Atherton allowed the music more air, and thereby some extra expressive depth; Rattle's nervy grip was not less idiomatic, and his chorus sang with persuasive confidence.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

January 28 – February 3

LONDON

English Chamber Orchestra conducted by Norman del Mar with Cecile Ousset, piano. Mozart (Mon). Barbican Hall (638 8891)

Barbara Leigh-Hunt, narrator with Philip Dogham, tenor, Claire van Kampen, piano and the Coull String Quartet in an evocation in words and music of the English countryside. Works by Vaughan Williams, Gurney and Delius. Purcell Room (Mon). (928 3191).

Philharmonia Orchestra conducted by Simon Rattle with Itzhak Perlman, violin. Grainger, Dvorak and Rachmaninov. Royal Festival Hall (Tue). (928 3191)

London Sinfonietta conducted by Gunther Schuller. First British performances of Nick Thorne's From The Dying Earth and Schuller's Octet. Queen Elizabeth Hall (Tue). (928 3191)

Royal Philharmonic Orchestra conducted by Antal Dorati with Claire Bloom and Christopher Gable, speakers. Barber, Walton and Stravinsky. Barbican Hall (Tue).

London Mozart Players conducted by Harry Blech with Mitsuko Uchida, piano. Haydn, Mozart and Schumann. Royal Festival Hall (Wed).

Alfred Brendel, piano: Beethoven Sonata cycle. Queen Elizabeth Hall (Wed). All seats sold.

Netherlands Chamber Orchestra conducted by Antoni Ros-Marba with Jean-Pierre Rampal, flute. Elgar, Mozart and Devienne. Royal Festival Hall (Thur).

Ronnie Scott's, Frith Street: Alto-saxophonist Lou Donaldson and his quartet.

BRUSSELS

Palais des Beaux Arts: Guarneri Quartet with Peter Serkin, piano and Hatto Beyerle, violin. Brahms (Mon).

VIENNA

Musikverein (658190): Alfred Brendel, piano. Beethoven sonatas (Mon), Academy of St Martin-in-the-Fields. Handel, Mozart, Bartok, Arensky, Ricciotti (Wed).

Konzerthaus (721211): London Early Music Group. John Dowland and Monteverdi and their contempories (Wed), Marjana Lipovsek, alto, Erik Werba, piano. Lieder recital (Thur).

WEST GERMANY

Munich Kongressaal des Deutschen Museums. Violin recital with Itzhak Perlman, accompanied by Bruno Canino. (Thur)

PARIS

Lucerne Festival Strings: Corelli, Purcell, C.P.E. Bach, Haydn, Shostakovich (Mon) TMP-Chatelet (261 1983)

David Lively: Mendelssohn, Brahms, Ravel (Mon) Salle Gaveau (563 2030)

Martina Arroyo recital: Händel, Scarlatti, Schubert, Negro Spirituals (Mon) Théâtre de l'Athenée (742 6737)

Orchestre de Paris – Chamber Music Cycle conducted by Daniel Barenboim with the Orchestre de Paris soloists and choir conducted by Arthur Oldham: Brahms, Kodaly (Mon) Salle Pleyel (563 8873)

Concerts Lamoureux soloists and 20th century music conducted by Michel Cals: *Rivier, Jolas, Bleuse, Honegger* (Thur) Salle Chopin-Pleyel (563 8873)

NEW YORK

Carnegie Hall: Elmar Oliveira, violin recital. Pergolesi, Bloch, Brahms, Beethoven, Paganini, Sarasate (Mon). (247 7459)

Avery Fisher Hall: New York Philharmonic, Zubin Mehta conducting, Yehudi Menuhin violin. Mozart, Schoenberg, Elgar (Tue). (874 2424).

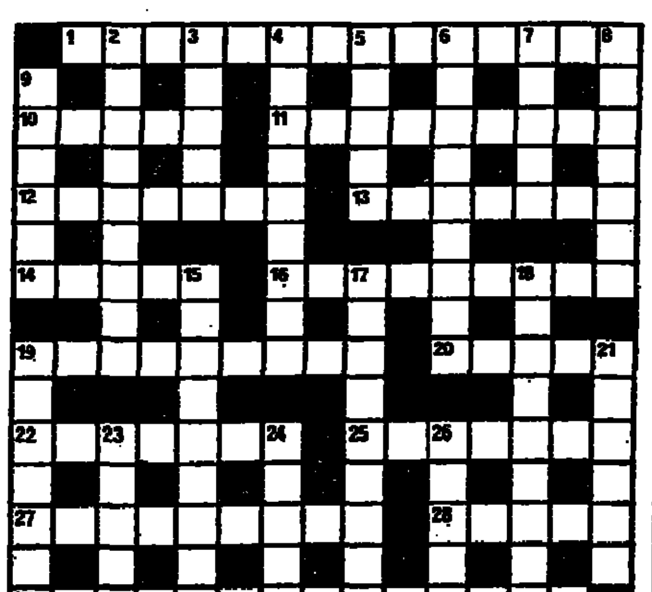
WASHINGTON

Concert Hall (Kennedy Center): National Symphony Orchestra, Mstislav Rostropovich conducting, Bella Davidovich piano. Burton, Vaughan Williams, Tchaikovsky. (254 3776)

CHICAGO

Orchestra Hall (220 S. Michigan): Chicago Symphony, Claudio Abbado conducting, Hildegard Behrens soprano. Wagner, Schoenberg, Tchaikovsky (Thur). (435 8122)

F.T. CROSSWORD PUZZLE No. 5,085



ACROSS

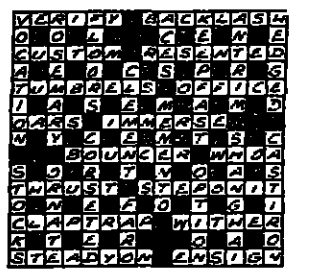
1 Whereon gymnasts, and wherefrom musicians, perform (10, 4)
10 Egg-shaped vessel in Old English (5)
11 Choker a foreigner left inside (9)
12 Fish left in a hat . . . (7)
13 . . . or topper from a snobbish person (4-3)
14 Scale given by a Conservative member (5)
16 A French name a soul concocted is abnormal (9)
19 I meet lots making a seasonal decoration (9)
20 Upright in posture before court (5)
22 Showing favouritism to relatives or citizen with open return (7)
25 Doctor left in tree to shiver . . . (7)
27 Knitted fabric to join firmly (9)
28 . . . and blow! It's a garment! (5)
29 Bait to pass on to fish needs tender treatment (6, 8)

DOWN

2 Party members following mouths in rooms for prayer (9)
3 Lazy, but turning up in theatre nightly (5)
4 Watchful old boy takes on a retainer (9)
5 Source of enlightenment from church at bottom of hill (5)
6 Arrive with solemn old German count (9)
7 A large room erected for worshipping God (5)
8 Quiet ceremony on board for elves (7)
9 Cheap alloy used in mixed combat (6)
15 Symmetrical, but having two sides (9)
17 Deliberate on a range of knowledge, but be surpassed (9)
18 Bombastic as a trumpet may have to be (9)
19 Recovering clothes for repair (7)
21 Attempt to dine inside in agreement (6)
23 A small mass of something in a plate (5)
24 The clergy should find it material (5)
26 Be outstandingly good at ninety with fish around (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Solution to puzzle No. 5,083



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Monday January 31 1983

Trade with the Soviet bloc

THE U.S. vice-president, Mr George Bush, starts his talks with European leaders today. His overriding preoccupation will, rightly, be the issue of how Nato is to present a united face to Moscow in the missile talks in Geneva. Success in this will require all the cohesion the alliance can muster. It is all the more important that Nato is not this year distracted by secondary rows, as it was in 1982 over the Siberian pipeline.

In this context, it is fortunate that Nato allies are no longer at odds over whether to lift economic sanctions on Poland. For the moment they share a common perception that General Jaruzelski's recent actions do not merit removal of sanctions.

Issues

In the same context, however, it is disquieting that the U.S. should have let its allies know—via a letter this month from Mr George Shultz to European governments—that it wants to see some agreement on Nato economic strategy towards the East by the next western summit in May. The Secretary of State is right to call for early and tangible progress on the economic strategy studies Nato launched last autumn. But U.S. pressure in the form of artificial deadlines could well backfire.

These studies, on East-West trade, credit, energy and strategic technology flows, constitute the broadest effort ever by Nato to define its economic relationship with the East. They were launched on the understanding that there would be no prejudging of conclusions until all the basic analysis was in. European officials do not expect this first, fact-finding stage to be completed before mid-summer.

The issues are serious, precisely because they seriously divide the U.S. and Western Europe. The trade credit study, underway in the OECD, must resolve the argument between the Europeans—who believe they did enough last year by raising to 12 per cent the minimum rate on government-guaranteed credit to the Soviet Union—and the Americans, who regard this as phoney, because Moscow has been getting rates as low as 8 per cent on some deals with Western Europe.

This argument reflects a basic difference. Unlike the Europeans, the U.S. does not offer interest rate subsidy on any of its exports. Most of its exports to the Soviet Union are agricultural, sold for cash and lying in any case outside the OECD credit accord.

The same structural difference bedevils the debate in CoCom, where the U.S. wants to extend restrictions on the sale of militarily-useful technology to the Soviet Union; the Europeans fear this will seriously squeeze their predominantly industrial exports to the Soviet Union and its allies. Some elements in the U.S. Government, notably the Defence Department, have warned that if the Europeans fail to do U.S. bidding in CoCom then they might find themselves cut off from some U.S. technology. In effect, a repeat of the pipeline embargo.

These elements are by no means predominant in Washington. Where the U.S. can prove an item or a technology has real or potential military application, the Europeans are likely, as in the past, to go along in restricting its sale to the East. The Europeans are likely to baulk if they believe the U.S. is attempting to draw the new restrictions so widely as to constitute a general economic squeeze on the Soviet Union. This issue is raised in the second study which CoCom is currently undertaking for the alliance—on oil and gas equipment sales to the Soviet Union.

Implications

Another key study is being conducted by the International Energy Agency on alternative energy sources for western Europe to Soviet oil and, more particularly, gas. Again, there is an imbalance between the fact that western Europe now buys Soviet energy and the U.S. does not.

Dependence on Soviet energy will not rise above 10 per cent of the total consumption of individual European Nato countries this decade. But the U.S. is right to raise the security implications of this dependence, certainly before western Europe commits itself to any further Soviet gas purchases.

All these specific studies need to be slotted into two broader exercises — a statistical analysis of general East-West trade by the OECD, and a Nato investigation of the security implications of this trade — before sense can be made of the whole.

Procrastination on an East-West study announced at the 1981 Western summit was in part to blame for the pipeline row a year later. U.S. concern over lack of a western economic strategy did not begin, and will not end, with Mr Reagan. The questions raised by the U.S. and now under study are valid and deserve answers without undue delay.

New window on Ireland

DR GARRET FITZGERALD, the new Irish Prime Minister, made an interesting, if little noticed speech at the end of last week. The place was Belfast—interesting enough in itself. The occasion was a dinner to mark the 10th anniversary of the enlargement of the European Community, which brought in Britain, Ireland and Denmark alongside the original six members. The theme, if that does not sound too pretentious, was the European dimension to the Irish problem.

Divisions

Dr FitzGerald said: "All of Europe—not just its close friends in these islands—owe to Northern Ireland an obligation of human solidarity. This region suffers from the highest unemployment in the Community, the most extreme economic decline, farm incomes which are among the lowest and the greatest single political crisis in Western Europe. The European Community by reason of its founding treaty, cannot remain aloof from this tragic situation."

He went on to say that the Community had been founded to end the political divisions in Western Europe and by and large had succeeded. It was incumbent on the Community now to apply the same logic to Ireland.

The theme is not new. Yet one or two other factors are. For the past two years or so the Irish Republic has been going through a period if not of political instability, at least of political uncertainty, with one insecure government succeeding another. It now looks as if Dr FitzGerald's coalition with the Labour Party in Dublin might have staying power, in spite of its slender majority. That possibility is increased by the troubles within the Fianna Fail opposition where Mr Charles Haughey continues to cling on to the leadership against the odds. It may be that there is now an Irish administration with which London can talk over the longer term.

The greater political uncertainty indeed is in Britain for there is likely to be a British General Election before the next general election in Ireland even if Mrs Thatcher chooses to wait until May next year. As Dr FitzGerald has pointed out before, the Irish question does not loom large in considerations of British domestic policy: hence the lack of continuity and absence of a sustained position in the British approach to a solution.

It could be easier this time. Dr FitzGerald is in power and is likely to be around for a while. Already he has shown himself willing. Gradually the fences between Dublin and London are being mended. Mr Francis Pym, the British Foreign Secretary, recently met his Irish counterpart, Mr Peter Barry, on the fringe of a meeting of the European Council of Ministers. Mr Barry will hold talks with Mr James Prior, the Northern Ireland Secretary, later this week. All sorts of other opportunities for Anglo-Irish meetings, including between Mrs Thatcher and Dr FitzGerald, exist over the next few months.

Nothing very dramatic could or should be expected this side of the British election. But it is a matter of building the foundations now in order to be able to move when the election is out of the way.

Chance

It is sometimes forgotten, sometimes decried and sometimes deliberately overlooked that the British Government does have a policy towards Northern Ireland which goes beyond direct rule and the maintenance of the status quo. It consists of encouraging the recently elected consultative Assembly to play a larger role in Ulster's affairs and bringing the communities in the Province closer together.

It is important that the need to develop the Assembly should be stressed in the British election manifestoes. Anything else would mean back to square one or worse. Yet if the Assembly could be developed while there is at the same time a chance of improving relations with Dublin, there might be new prospects for a settlement.

INTERNATIONAL RESCHEDULING

The new way with debt

By Peter Montagnon, Euromarkets Correspondent

IT IS not yet six months since Mexico rocked the banking system by declaring it could no longer meet payments on its $83bn foreign debt, but already the world's governments and financial institutions have evolved a radically new approach to handling international debt problems.

As the table shows, the new approach has been used in a number of cases and doubtless it will be put to the test again in the months ahead. At least, however, the solutions now being applied to cases as varied and serious as those of Mexico, Brazil and Yugoslavia have calmed the storm. The world of international banking is much more relaxed than in the crisis-ridden days of last September's International Monetary Fund meeting in Toronto when even some hardened central bankers were beginning to wonder whether the system could survive intact.

The new approach to debt problems differs from the classic rescheduling in two basic ways. First, it involves an unprecedented inter-action between commercial banks, the IMF and governments of industrialised countries. Secondly, ways have been found to ensure that those countries which reschedule do not forfeit the chance of raising new loans from the banking system just at the moment when they need them most.

The new "package deal" formula for solving debt problems does not offer a miracle panacea, but it would be scarcely possible to exaggerate the fundamental changes that have taken place in the way the world copes with sovereign debt problems.

The multi-billion dollar rescue package now being worked out for Yugoslavia is both typical and pace-setting in this respect. Orchestrated by the International Monetary Fund at the behest mainly of the U.S. Government, it involves just about the most comprehensive package yet seen. New money and rescheduling by both Western governments and commercial banks, bridging finance from central banks and new loans from the IMF and World Bank are foreseen in a scheme where each single element is dependent on everything else.

The new formula does not offer a miracle panacea

Of course, Yugoslavia is a special case because of the strategic political importance of a non-aligned communist country bordering on the Comecon bloc. This explains why Western governments have been so willing to shoulder their part of the burden. But it is worth remembering that it is still less than two years since Poland embarked on a tortuous series of negotiations aimed at rescheduling more than $7bn of debt owed to Western governments and commercial banks in 1981. A feature of those early talks was that communications between the banks and governments was very limited and there was virtually no prospect of Poland receiving any extra loans at least from the banks that year.

Even as late as last year central banks had to be dragooned into providing a total of $810m in short-term credit to Hungary after its national bank lost more than $1bn in deposits from commercial banks and governments such as Iraq, Libya and the Soviet Union. This was followed by a $260m loan from a select club of leading commercial banks which also required considerable effort to complete.

The rescue packages now being arranged involve a full panoply of co-operation, but this new relationship between commercial banks, governments and official institutions has not been wrought without considerable heartache. The first inkling many commercial bankers had of the extent of the changes was as recently as November 16 when M Jacques de Larosière summoned top executives of leading commercial banks to a meeting in New York.

He told them that Mexico would need an additional $5bn in commercial bank credits this year if its economic recovery programme were to be viable. For Argentina the "residual financing requirement" was to be $1.5bn. This came as a shock to bankers who are still withholding medium-term loans from Turkey almost five years after its debt crisis broke. Their conservative instinct tells them that rescheduling automatically cuts a borrower off from medium-term loans until its credit rating is visibly on the mend.

Not surprisingly, M de Larosière's request was greeted by protests. "It's the most unprofessional thing I've ever heard," was an atypically printable reaction from one senior New York banker. Yet slowly these same bankers have come to realise that this new era of package-deal rescheduling in which burdens are shared by a wide range of creditors has gone a long way towards patching up a situation that could otherwise have easily spun out of control.

The new system certainly has drawbacks. Not least of these is the way in which management time in some banks has become almost totally taken up with the problem borrowers in Latin America. Banks have had to grapple with lengthy telexes on rescheduling proposals—that on Mexico was 19 feet long, that on Argentina 18 feet—but the message contained in them has been simple: "You must reschedule and you must lend more."

Getting this message across to recalcitrant bank boards has not always been easy. It has meant removing the freedom of individual banks to decide whom to lend to and how much. As that fredom has disappeared in cases such as Mexico and Argentina, so it has become much more jealously guarded in the cases of other borrowers whose creditworthiness has not yet plumbed such depths.

This has been most conspicuous in the case of Venezuela which is now having serious difficulties refinancing its short-term debt of $8.75bn. Banks which have already had to refinance short-term loans to Argentina and Mexico are all too willing to say no to Venezuela, at a time when the oil price is falling and Venezuelan borrowers are incurring arrears even on interest payments because of sheer bad management.

As yet, there is no evidence that Venezuela's problems reach the point where it is forced down the same rescheduling path taken by its larger borrower cousins in Latin America. But if that does happen, there would be an argument for saying that it had become a casualty of the new regime of lending under duress. The regime may help the worst-off borrowers, but it makes life harder for those that were initially unaffected by the crisis.

Jacques de Larosiere, managing director of the IMF: his new approach shocked conservative bank executives

Moreover, most of the rescheduling packages now being assembled involve commercial banks in more than just a token increase in their lending. On a pro-rata basis they were asked to raise their exposure to Mexico by 8 per cent, while Brazil's programme calls for a 12.4 per cent increase in bank loans based on existing medium and long-term commitments. The figure for Yugoslavia could also be around 10 per cent, depending on how it is finally calculated.

Such ratios may be low compared with the increase in bank lending to these troubled countries in previous years, but they are also well above current inflation rates in the U.S. This means that the banking system is having to increase its dollar lending exposure to these countries in real terms just at a time when many institutions are seeking to cut back on international lending.

The result could see a concentration of new lending to those countries whose recent experience has put them among the weaker credit risks. Such a development will not necessarily enhance the public's perception of the soundness of the international banking system. It could make the task of rehabilitating these borrowers all the harder once the crisis is past.

The International Monetary Fund is also now laying its reputation on the line in an unprecedented way. A crucial strand to all the debt rescue packages now being arranged is that the borrower country adopts and adheres to economic stabilisation programmes endorsed by the Fund. The availability of new money from commercial banks is normally tied to continued compliance with the Fund programme.

The IMF is thus having to steer a narrow path between programmes soft enough to ensure that compliance is feasible and hard enough to produce results. The IMF's track record in this respect has not always been impeccable. Several bankers who are now being asked to put up new money for Yugoslavia point out the country has been operating under an IMF programme for two years but this has not been enough to prevent its problems becoming critical.

It would become all the harder to keep commercial banks in line if the IMF programmes failed in Mexico, Argentina or Brazil. This could happen for reasons largely outside the Fund's control — a sharp fall in the oil price could wreck Mexico's precarious finances, the weak world economy could prevent Brazil from reaching its ambitious target of a $6bn trade surplus this year, the fragile junta in Buenos Aires could fall apart, leading to a political vacuum in Argentina. The problems of any of these countries could be compounded by social unrest as living standards fall.

Privately, some IMF officials admit that even now it is hard to coerce banks into participating in the new complex rescheduling packages. In the longer run some argue that it will be necessary to ease the burden on commercial banks by taking them out of at least part of their lending to the worst-off countries. This could be achieved by more long-term lending by the IMF and World Bank or by a system of guarantees for loans to developing nations. But the debate on this longer-term aspect of the debt crisis has barely begun.

The IMF is laying its reputation on the line

Meanwhile, there is one important consolation for commercial bankers. They have found that rescheduling can be lucrative. Mexico will pay almost $200m in fees alone for its rescheduling. Once it is in place, banks will receive a margin of 1⅞ per cent over eurodollars or 1¾ per cent over U.S. prime. This is much more than Mexico was paying before and for many banks it will double the return on assets earned from Mexico. At last the rewards from international banking have begun to reflect the risk.

MAJOR RESCUE PACKAGES BEGUN SINCE MEXICO

	Total debt	IMF package	BIS bridge	New bank loans	Bank rescheduling	Government loans	Government rescheduling
MEXICO	$83bn	$3.8bn*	$1.85bn	$5bn	$19.7bn‖	$4bn¶	—
ARGENTINA	$39bn	$2.3bn	$500m	$1.1bn (bridge) + $1.5bn	$5.5bn	—	—
BRAZIL	$89bn	$6bn	$1.2bn	$4.4bn	$4bn	$1.23bn‡	—
YUGOSLAVIA	$19bn	$650m†	$500m†	$750m§	$1bn	$1.3bn	Expected
ROMANIA	$10bn	$360m	—	—	$860m	—	$220m
ECUADOR	$4.8bn	Expected	—	Expected	$1.22bn	—	—
CHILE	$17bn	$900m	—	Expected	$2.8bn expected	—	—
CUBA	$3bn	—	—	Rescheduling of $1.3bn due to Western governments and banks requested			
URUGUAY	$3bn	$400m	—	Expected	$500m expected	—	—

* Excludes drawings under IMF's compensatory financing facility. † Requested. ‡ Short term credit from U.S. Treasury. § Precise amount currently under discussion. ¶ Includes $2bn in emergency loans from the U.S. in 1982 and $2bn in export credits for 1983 now being negotiated. ‖ Includes short, medium and long term debt maturing up to end 1984. Other countries expected to begin new debt rescheduling talks soon include Zambia, Poland, Bolivia and Sudan. Protracted talks continue in other cases such as Costa Rica.

Men & Matters

Dim prospects

Recession clouds even the mountain peaks of Davos, the Swiss resort where 500 political and business leaders have gathered under the aegis of the European Management Forum to put the world to rights.

The only visible ray of economic sunshine comes from the forum itself—charging its members SwFr 4,100 (£1,350) and non-members SwFr 8,200 (£2,700) to attend.

All the businessmen and politicians — women and trade unionists make only token appearences — have problems: how to cope with the next batch of redundancies or how to save the international trade and payments system.

The politicians can afford to take the broader and longer view—and have been doing so. But each businessman wants to know if he hasn't got the right formula for dealing with the recession, who has?

So the forum, an annual event which has gained prestige by its ability to attract the prime minister of this and the chairman of that, has turned into a gigantic group therapy session to provide reassurance in the face of a global malaise.

The organisers would like to foster a "spirit of Davos" that would spread among the policy-makers. But such a spirit has been hard to define, let alone find.

Conference chairman Raymond Barre, the former French Prime Minister, did his best after a session on trade and investment. But his prescription was as impeccably orthodox as anything heard from the OECD.

International trade necessary for world economic recovery . . . struggle against protectionism . . . avoid "beggar thy neighbour" approach.

There are problems in relating practice to such precepts, as Helmut Maucher, managing director of Nestle, pointed out. An old Swabian saying, he recalled, suggested that a man's nature was more clearly viewed in the market place than in a church. The discussions on trade and investment, he added, seemed to have taken place in a church.

Not so, of course. But the forum, perhaps in search of divine guidance, yesterday took half a dozen PMs and more than 30 Cabinet Ministers and civil servants to an isolated mountain-top villa to wrestle with more problems whose solutions have so far evaded leaders working nearer sea level.

"Well I could try 'Drunk in charge of seat-belt' for a start."

Sales promotion

Daimler-Benz's appointment of the first Englishman, David Thomas, to the board of its British imports subsidiary Mercedes-Benz (UK) as director of operations, reflects Stuttgart's satisfaction with the achievements of its London management team.

Total sales turnover in the UK last year was more than £200m; and in the past five years car sales have risen from 7,000 to 12,000 and truck sales from 3,000 to 8,000.

Thomas, formerly with Ford, joined Mercedes-Benz in 1975 when the company took over its agency in Britain and began to run its sales operations as an arm of the factory.

Thomas was given the job of developing the dealer network—there are now 52 heavy truck outlets—went on to run the sales effort over a third of the country, and 18 months ago became general manager, marketing.

He has proved not only proficient in selling German trucks and cars but in picking up the German language. "You need to be bilingual to do this kind of job properly," he says.

Fair fight

Many a true word department. Howard Baker, the respected Republican majority leader in the U.S. Senate seems to have made a Freudian slip in predicting that President Reagan's defence spending plans will lead to a "real Donnybrook" in Congress.

According to Webster's dictionary, Donnybrook was the site of a fair near Dublin "notorious for fighting, drinking and love-making." Most Congress-watchers have long come to regard that as fairly standard Capitol Hill behaviour.

Grant in aid

After 22 years with ICI, John Grant tomorrow starts to work himself into a new job in the City of London as the first chief executive of Nasdim—the National Association of Security Dealers and Investment Managers.

His appointment is an important step towards Nasdim's aim of becoming a fully-fledged self-regulatory agency for investment advisers.

Eventually, it hopes to achieve the status of a recognised association of security dealers under the Prevention of Fraud (Investments) Act. Its members—trebled in number to 185 over the past 18 months—would not then need Department of Trade licences to deal in securities.

Grant, aged 56 and latterly involved in ICI's strategic planning, was headhunted for the post. He was chosen, says Robin Hodgson, Nasdim's chairman, because he had "the right experience and personality" and was "mature without being elderly."

Initial City reaction has been favourable. The chief executive needs to be a sound administrator rather than policy-maker, it is stressed.

Grant, himself, sees the job as a long-term project. There will be five years' hard slog, he thinks. "But I am looking for a challenge—I don't want to just sit and fish," he says.

Trick card

This may sound like a story from my Andorran correspondent. But it comes, in fact, from a reader in Ireland who suggests that his country is just as rich a source of humour as the Pyrenees.

An impatient motorist, jammed in Dublin's rush-hour traffic, pulled over into the empty lane marked: "Buses and Access Only." But he had only driven a few yards when he was stopped by a young police officer.

"Do you know you are breaking the traffic regulations?" asked the officer. The driver reached into his pocket, waved an Access card at the policeman, and pointed to the sign.

"Sorry to have troubled you, sir," said the officer, saluting smartly, and waving the driver on his way.

Switch off

Bulldozer—someone who sleeps during a party political broadcast.

Observer

J. D. F. Jones interviews Harry Oppenheimer on his retirement from Anglo American

'Once they thought I had horns and a tail'

HARRY OPPENHEIMER insists that he has retired. Brisk and fit at 74, the manner as modest and charming as ever—he has always been one of the world's least ostentatious multi-millionaires—he can now divide his time between the tropical gardens of his Indian Ocean retreat outside Durban and the famous Africana collection in his Brenthurst home, below the ridge in Johannesburg's northern suburbs.

HFO, as everyone calls him, stepped down from the chair of the Anglo American Corporation at the end of last month. He is still chairman of De Beers but that is a tactical gesture and is expected to end when the diamond slump lifts. He also controls E. Oppenheimer and Son, the family firm which, with 8.3 per cent, is the largest single shareholder in Anglo.

Of course, he is not going to lose interest in the group that was founded by his father, Sir Ernest, in 1917, inherited by himself in 1957 and has subsequently been built up into a world-wide colossus worth something far above $10bn. "But I've retired," he said in a long interview recently. "I said to Gavin, I hope you won't mind me making suggestions from time to time. But I'm not going to be so stupid as to make a suggestion once a week."

"Gavin" is the new chairman, the bluff and genial G. W. H. Relly, 57, Oppenheimer's first lieutenant for many years. He will probably have six years to set his mark on the group. The rest of the succession settled itself without any great surprises. The men at the top are: Julian Ogilvie Thompson, 49, smooth, very bright, workaholic, who became deputy chairman, and will continue to run De Beers; Nicky Oppenheimer, 37, the only son, still to prove himself, who became the other deputy chairman and is the best bet for the next chairman, Gordon Waddell, 45, the former Scottish rugby player who survived a failed marriage to Harry's daughter, and is presently concentrating on the chairmanship of Johannesburg Consolidated Investment; and Murray Hofmeyr, 57, former chairman of Charter Consolidated.

Under these men, the style of the group whose activities now range far beyond the South African gold and diamonds on which Sir Ernest built his empire is surely bound to change, if only because none of them is going to be so visible as Oppenheimer and none is so political.

Oppenheimer's fascination with South African politics is undimmed (it is sometimes forgotten that he was an opposition MP from 1948 and that if the United Party had won in 1953 he would probably have become South Africa's finance minister). Arguably the most fascinating aspect of Anglo's expansion over the last 30 years is that it has been directed by a man who publicly and passionately opposes the policies of the host government.

Critics of Anglo often suggest that the corporation is inevitably besmirched by association with apartheid. Oppenheimer disagrees. "I know people think you can't carry on business unless you are somehow benefiting from apartheid, or that by running your business you are making it easier for the apartheid system to operate. I have always thought exactly the opposite was true.

"We have produced the circumstances which have caused this great black population to accumulate in the towns and where there simply aren't enough white people to do the jobs. Therefore we have produced a situation where the whole apartheid policy is less and less plausible.

"If you go into business here you are heir, for good or evil, of what has happened before. You say to yourself, 'in so far as I can I am going to have black people doing better work and earning better money. Let us have as many people as possible housed in the towns, let us at least not increase dependence on the migrant labour system, let us try to make it more tolerable by improving the conditions under which these migrant labourers live.' For example, we can enable their wives to come and see them and enable them to go home at weekends in so far as distance allows."

This view of business as the enemy of apartheid is fundamental to Oppenheimer's philosophy. "I think the logical attitude — Dr Verwoerd would have come very close to it — was that if you wanted to carry out the policy of apartheid you had to make up your mind you couldn't have economic development in South Africa. But what this Government did, of course, was to try to have both." He sees the new breakaway right-wing Conservative Party as the heirs to Verwoerd in this respect.

But he also speaks out against the fashionable decentralisation policy — "giving money away to bribe people to put industry in the wrong places," as he describes it — and he has been publicly scornful of the Government's mooted Development Bank for the Southern Africa Region. On the other hand, he has never been as entirely hostile to the policy of ethnic homelands as might be expected. "I have never thought it was a very bad thing to produce autonomy for black people living in the tribal areas. But I always said it was silly of them to insist on those areas becoming independent states because this didn't solve the problems of the people in the towns."

He believes there is a gulf of misunderstanding between government and business

Indeed, Oppenheimer now says — rather controversially — that the South African Government's homelands policy is irreversible, that black as well as white vested interests have developed. "One has to accept that this policy has gone quite a long way and see what sort of solution one can find within the terms of what has happened."

Oppenheimer believes a basic problem in South Africa is the gulf of misunderstanding between government and business—although he emphasises that things have much improved. ("At one time they thought I had horns and a tail.")

Ministers do not understand what private enterprise is about, he feels. "When the Government says it wants to rely on private enterprise, it is really thinking of using private funds and private know-how to carry out its policy. That is not what I understand by private enterprise."

Oppenheimer thinks private enterprise needs to move "as it wants in response to economic pressure. That of course means making a great many changes in regard to black people, for example making it easier for them to move to the jobs they want to do and to get the education they need in order to do them.

The central issue of South African affairs, in Oppenheimer's view, remains clear: it is the black majority, and in particular the future of the urban blacks. This influences his cautious response to the Government's recent plans for reform, which involve admitting coloureds and Indians to the constitutional system but continuing to exclude the blacks.

"The great uncertainty at the moment is whether the Government is trying to make this constitutional arrangement in order *not* to have to make the changes that are required for black people, or whether it is doing it so it can make the changes from a position of greater strength. If it is the latter, I would be optimistic. If it were the former, then I should be gloomy." His feeling is that the policy of working along with the coloureds and Indians "while leaving the black problem to be solved later" could have been done 30 years ago. Instead, that was the time when the coloured representation was taken away.

Looking back on his 50 years with Anglo, Oppenheimer agrees there may have been an initial caution in the group's diversification. "We were a bit slow in moving into industry—I wasn't that keen originally because I was frightened of it."

Behind the modesty, however, the logic is clear. "In the past we looked on ourselves as very much a mining group. We also considered ourselves an African group. Two things happened: first, there were all the events in Africa which made it difficult to operate as an African group; and second, we had very big mining developments, after the war, in the Free State which meant we had a big cash flow.

Harry Oppenheimer

"There were no new mining discoveries in South Africa, so we had an investment problem. This made us go into industry in South Africa and look at mining possibilities outside Africa."

Oppenheimer admits he is disappointed today by what has happened in black Africa, yet he declines to be pessimistic about the future of his group if Swapo eventually becomes the governing party in Namibia. "I can hardly imagine they would want the CDM Diamond operation not properly run, and if it's run by us or by anyone else they'll have to pay something for doing so."

Namibia was the scene of what he describes as one of Anglo's "innumerable" mistakes. "Look at the things we missed. We had a geologist who found Rossing Square (the great RTZ uranium mine) and we didn't bother to open it. But every group misses opportunities . . . and our prospecting has been disappointing, except in diamonds."

HFO is a realistic man with a caution which shows through in his view of international pressures on South Africa. For outsiders to urge better labour practices on companies operating in the Republic has been "very useful." But it is not wise to oppose investment in South Africa because "to make business advance more slowly is the only possible way of maintaining the apartheid system."

The mistake is to aim too high: "the pressure on South African sport to make itself non-racial is one thing but when you say you are bringing pressure on sport in order to change the South African Government, then I think you overreach yourself."

No conversation with Harry Oppenheimer is complete without reference to Sir Ernest. One has the impression that Harry's career, in essence, has been the story of the son carrying on the trust bequeathed him by the loved and respected father. Small wonder that he never doubted the choice of his career: add an interest in politics and "it was natural for me to do these things."

The modesty surfaces again: "I think the only other thing I might have done would have been some sort of academic work — though I don't know if I'd have had the ability for it."

This is the second in an occasional series profiling leading international businessmen.

Lombard

Benefits from an oil price drop

By Samuel Brittan

IN THE present depressed mood of the Western world it is fashionable to regard all change as being bad. When oil prices shot up in the two major explosions of 1973-74 and 1979-80, it was regarded as a disaster for the world economy; and so it was. The first explosion marked the end of the post-war golden age of growth. The second marked the onset of a prolonged recession with unemployment rates leaping to depression levels.

One might suppose that the threatened collapse of the Opec cartel would be greeted with rejoicing. But this too is being met with shouts of dismay. It is unlikely to be true that both increases and decreases in the oil price are disastrous and that its best level is wherever it happened to be a month ago.

Recent reactions have been far too dominated by the special pleading of bankers who have lent large sums to "new" oil producers such as Mexico and Nigeria. The benefit of lower oil prices to the great bulk of consuming countries in the developed and developing world alike exceeds the losses of those particular producing countries. An enlargement of existing bank rescue operations would be a small price to pay for the benefits to the world economy of $10 to $20 per barrel oil prices. Nor should we be overinfluenced by the effects on a very marginal net exporter like Britain. The UK has far more to gain from a more prosperous world economy than it stands to lose on balance of payments or Treasury revenue account.

Some details of the way in which the earlier oil price explosions have depressed the world economy have been given in a paper by John Llewellyn, head of the OECD Economic Prospects Division delivered at a recent seminar in Essex. The OECD has a special expertise in analysing economic events which impinge on all industrial countries together.

Each of the oil price increases had a direct impact effect in raising price levels in the industrial countries by some 2 per cent on OECD estimates; and by a multiple of that amount when wage-price spiral effects are considered. In addition the transfer from consumers to Opec countries—or to other energy producers with a low propensity to spend—tended to depress demand. Finally, the monetary and fiscal response of western governments—which can be described either as deflationary or as a refusal to inflate according to doctrinal preference—had a further depressing effect.

Mr Llewellyn estimates that the direct effect of the last oil price rise was to reduce real GDP in OECD countries by well over 3 per cent cumulatively in 1979-81. In addition the induced policy response clipped off another 3 per cent or more, leading to a total shortfall of output of over 6 per cent; and further depressing effects spilled over into 1982.

It comes, therefore, as something of a surprise to find that he is less than delighted at the present weakness of the oil market. His main worry seems to be that as the Opec countries' surplus has already disappeared, they would have to react by *cutting their spending*, thus cancelling out any increased demand by oil consumers. He also fears lags by western consumers in stepping up their own purchases.

To my mind, however, the key fact is the impact effect on prices and on price expectations of a major fall in oil prices. A given money national income would purchase more; and a smaller proportion of any future increment would be dissipated in wage and price inflation. Maybe western governments do not have a formal policy for Money GDP, but events will have their effect. Either lower inflation will automatically boost spending through the "wealth effects" of which monetarists speak; or alternatively governments and central banks will realise that given monetary targets (in the U.S.) or monetary and fiscal targets (in the UK, Germany and Japan) are biting more sharply than intended and feel able to relax.

There are innumerable different languages in which the route from cheaper oil to more prosperity (or less depression) can be described. But in the simplest terms, it is better to pay less rather than more for a major natural resource and it is better to bust a cartel than to keep one alive.

Letters to the Editor

The mysterious world of the golden handshake

From Mr A. Mezzetti,

Sir,—The article "The mysterious world of the golden handshake" (January 26) certainly gives food for thought particularly to directors and senior executives involved in the negotiation of compensation payments.

It is of course true that the initial starting point in these cases involves a calculation of what would be awarded by way of damages if the matter came to court. It is, however, evident that the legal basis of calculating damages does not always reflect the true loss which an individual has incurred and will incur as a result of being sacked or being asked to stand down before completing the full term of his employment. This may well be one of the reasons why responsible employers regard themselves under some sort of obligation to pay compensation in excess of what might otherwise be obtained if the matter was litigated.

The lack of recent authoritative decisions in the High Court on the whole question of damages and on what new principles could be invoked does suggest that the matter ought to be tested and new criteria established. It is doubtful, however, whether an individual would be prepared to embark on such a step, quite apart from the costs involved, unless any compensation payment offered was plainly less than even the legal minimum.

The matter does not of course stop with the mathematics of compensation. Hence the importance of negotiating compensation which can be said to be in line with the trend or level of comparable normal settlements. Even so, success can depend on the degree of willingness on the part of a former employer to pay high figures and also on any financial constraints which may affect his company. It is true, however, as the article indicates, some compensation payments appear to be unreasonably generous even to the point where the concept of mitigation seems to have been disregarded completely.

It will be interesting to see how this mysterious world develops both legally and otherwise.

Adrian J. Mezzetti,
12 Buckingham Street, WC2.

Job security in academia

From the Deputy General Secretary, Association of University Teachers

Sir,—Your editorial, "Job security in academia" (January 24), seems to contain an almost pathological attitude towards tenure for academics and expresses a desire for the legal basis of tenure to be challenged in the courts. It is also based on a number of myths about tenure.

May I say first that quite apart from the issue of the need to preserve academic freedom, the tenure that university teachers possess is very little different from that enjoyed by the Civil Service, professionals in local government, medical staff in the NHS, etc. Tenure does not guarantee employment until retirement. University teachers can be and are dismissed on a number of grounds, e.g., failure to perform their work properly, misconduct, and sickness, and all that the employer has to do is to establish these grounds and what is unreasonable about that?

You mention that it was a question of legal tenure at Aston that was the main cause for the university to reverse its decision of declaring staff redundant. In fact, one of the main issues was that AUT challenged, with the help of professional advisers, the financial need to get rid of staff on the scale proposed by the vice-chancellor of Aston. Indeed, in each and every case of proposed redundancy which has arisen, mainly financial arguments about the need to declare compulsory redundancy have been uppermost in the discussions that have taken place. AUT has spent more in fees for management accountants than it has for lawyers to defend tenure.

You also complain about the UK institutions restricting themselves to voluntary departures of staff. Many employers in the private sector — including the newspaper fields — have tried to achieve redundancy of staff by voluntary means other than having to resort to compulsory sackings. It is true that this causes problems, especially when specialist staff might volunteer to go. In the universities we have suggested to the committee of vice-chancellors and principals that they co-operate in a national redeployment scheme. It is not our fault that so far there has been no response.

John Akker.
United House,
1, Pembridge Road, W11.

The earnings league

From the Trade Union Side Secretary,

NJIC for the Water Service

Sir,—You published a letter from the chairman of the National Joint Industrial Council for the Water Service (January 28) which further confused the facts regarding the water comparability claim.

The figures he quoted for current earnings in gas (£154.30) and electricity (£153) are not correct. The 1982 settlements in gas and electricity were delayed. So the April 1982 new earnings survey figures do not include the effects of the settlements. Gas NJIC figures after the 1982 annual settlement, show average earnings at £161.11 and the electricity supply figures show average earnings to be £165.05.

The letter further misled readers as to the outcome of the mediator's report. The mediator accepted that water workers had lost ground compared with workers in gas and electricity supply since 1974. He said: "In 1979, the water workers recovered lost ground in their relative position when they received a pay increase, which included a comparability payment amounting to 8 per cent. The causes of the subsequent decline lie in the wage movements which occurred in the gas and electricity industries very shortly after the 1979 water workers' increase."

In 1978 water workers earned about 85 per cent of the earnings in gas and electricity. In spite of a jointly agreed comparability award of 8 per cent in 1979, their relative position has not improved. They were back to 85 per cent in 1980 and have remained there since.

The mediator accepted that water workers had lost ground but he did not put forward a specific remedy. He pointed to the changes in the economic climate and to the levels of unemployment as reasons for not doing so.

The trade union side reject the mediator's conclusion that "climatic factors" should be used to dismiss our claim.

The letter contains another area of confusion. The 1979 comparability exercise was jointly undertaken and after the differences in skill mix, work patterns, etc., were accounted for, it was agreed that water workers needed an 8 per cent award to restore the traditional links in terms of wage rates. That 8 per cent award has been eroded and the mediator suggested that something should now be done "as a matter of great urgency."

The chairman of the NJIC displays very little recognition of this basic problem. He seems to think that by juggling figures the problem will go away. The trade union side have experienced this approach since the claim was put in 16 months ago. The resounding results of the strike ballot, the solid nature of the strike and the overwhelming rejection of the 6 per cent offer (7.3 per cent over 16 months) show the membership's determination to restore the traditional links with the other two utilities.

The trade union side wanted to use the mediator's report as a basis for further negotiations. The employers refused and tabled their "final" offer. Normal working in the water industry can only be restored by means of a negotiated settlement. The sooner negotiations resume the better.

E. P. Newall.
Thorn House,
Ruxley Ridge,
Claygate,
Esher, Surrey.

Shopping on Sunday

From the Head,
Consumer Policy Unit,
National Consumer Council

Sir,—I read David Churchill's article (January 27) on the argument about the costs of opening shops on Sunday with some interest. He seems, if I may say so, not to have talked to many of the retailers who believe that the ability to serve customers who want to buy on Sundays will be good for their business. And it is a bit much for the chairman of the John Lewis Partnership to say that competition will mysteriously force John Lewis to open on Sundays. Competition has not forced John Lewis to open its stores in Oxford Street, Sloane Square and Brent Cross at the times when other shops open in those areas.

But David Churchill's observation that some retailers in England and Wales do not want to make the choice whether to open or not on Sunday lets the cat out of the bag. Quite simply, those retailers who find such a choice difficult want to use the criminal law to prevent their competitors from opening if they want to. What justification is there for such a stance?

Maurice Healy.
National Consumer Council,
18, Queen Anne's Gate, SW1.

FINANCIAL TIMES
Monday January 31 1983

THREE DIE IN ROCKET ATTACKS

Beirut violence as talks stall

BY IHSAN HIJAZI IN BEIRUT AND ROGER MATTHEWS IN LONDON

FIERCE artillery and rocket battles erupted around Beirut yesterday in the worst outbreak of violence since the Israeli invasion of Lebanon last summer.

The capital reverberated to the sound of explosions as Christian militiamen and Druze Moslem forces traded fire over a 50-square-mile area. At least three people were killed in the predominantly Christian area of East Beirut and there was extensive damage to property.

In a separate incident an Israeli soldier was killed and three others were wounded when their patrol was ambushed on the south eastern edge of the city. An Israeli military spokesman said the attackers fled into West Beirut which is controlled by a multinational force drawn from the U.S., France and Italy. A small British contingent is due to be deployed soon.

The latest outbreak of violence followed a massive car bomb explosion on Friday which destroyed a building in eastern Lebanon used by Palestinian guerrillas, Syrian troops and leftist militia. Up to 30 people are believed to have been killed by the blast.

The fighting is thought in part to reflect the failure of talks between Israel, Lebanon and the U.S. to make any progress towards a withdrawal of all foreign forces from Lebanon. Some leftist Lebanese leaders believe Israel is attempting to create an effective three-way partition of the country.

The attack on the Israeli patrol yesterday is also likely to cause fresh problems in relations with the multinational force. Israel has repeatedly accused U.S. troops of failing to contain guerrilla elements operating from West Beirut. On at least two occasions troops from the two sides have come close to a confrontation.

Mr Shimon Peres, leader of the Israeli Labour opposition party, called yesterday for a withdrawal of all occupying forces from Lebanon. He said the country had to become exclusively Lebanese, but he wanted the retention of a multinational force to protect the civil population.

Mr Menahem Begin, Israel's Prime Minister, meanwhile gave his answer to the U.S. and other governments which have been urging Israel to halt settlements on the occupied West Bank.

He said Israelis had a "perfect and inalienable" right to live in the West Bank and promised that he would do nothing to stop the drive to build more settlements there. At the same time Mr Begin invited King Hussein of Jordan to join in peace talks.

King Hussein told President Ronald Reagan last month that the continued building of Jewish settlements on the West Bank, seized from Jordan in 1967, was a major obstacle to a more positive Arab response to the U.S. peace initiative.

Mr George Shultz, U.S. Secretary of State, gave a pessimistic account of the Lebanon negotiations during his flight to Japan at the weekend. He told reporters that "big gaps" remained and warned Israel that "just trying to push people around all the time is not the way to do it."

Tension between Christian militia and Druze forces has grown steadily since Israel's invasion last June. Intermittent fighting has been going on for several months with the Druze accusing the Christian Phalange of attempting – with Israeli help – to seize control of villages in the mountains south and east of Beirut.

Mr Walid Jumblatt, the hereditary leader of the Druze, yesterday described the Phalange militia leaders as "a bunch of criminals" who should be put on trial. He accused them of responsibility for the massacre of hundreds of Palestinians and Lebanese in Beirut last September.

Dr Helmut Kohl

Kohl will ask Bush to seek summit

By James Buchan in Bonn

CHANCELLOR Helmut Kohl will today impress on Mr George Bush, the U.S. vice-president, West Germany's urgent interest in a summit meeting between the Soviet and U.S. leaders to give impetus to talks on nuclear disarmament in Europe.

Mr Bush will hold official talks in Bonn today the first of an 11-day tour of western Europe. It will take in the five countries which could be called on to station new U.S. intermediate-range missiles from this autumn should U.S.-Soviet talks on these weapons in Geneva produce no agreement.

Herr Kohl said in a newspaper interview yesterday that he would once again point out "how important it is for us that U.S. President Reagan and Soviet General Secretary Andropov meet – after careful preparations and without propaganda.

"I believe that, in the end, the decisions can only be made at the highest level while the details are negotiated at Geneva," Herr Kohl said. A summit "could bring a breakthrough or a decisive push forward."

The Soviet intermediate range arsenal and plans to install as many as 108 U.S. Pershing 2 and 96 cruise missiles in Germany, if the Geneva talks fail, have emerged as the dominant issues in the campaign ahead of the West German general election in March.

Fears that there might be no agreement have prompted some West German political leaders to back away from the so-called "zero option," the formal U.S. position which makes a total dismantling of the Soviet missiles aimed at Western Europe, a condition for not deploying new U.S. missiles.

Herr Kohl said yesterday that he still believed that the zero option was "the most desirable of all solutions," but that there could be no "all-or-nothing policy."

Some officials in Bonn have suggested that a clear statement of U.S. readiness to negotiate seriously can do no harm in the excited state of West German public opinion.

Mr Bush said last week that, while he was carrying no new proposals on intermediate-range weapons, he would attempt to convince sceptics in Western Europe of the U.S. "commitment to real negotiation at Geneva."

Mr Bush will also listen carefully "to the innermost feelings" of the West European leaders.

Editorial comment, Page 14

THE LEX COLUMN

Milking a cow in Knightsbridge

Generally speaking, it might be thought dangerous for a flagship to become detached from the rest of the fleet – especially if it were the main source of rum and ammunition. Unless, of course, the flagship was tending to lead the other hundred or so assorted vessels in the wrong direction.

The argument over Lonrho's call for Harrods to be demerged from House of Fraser has come to the surface again. Last week Fraser confirmed that it could not, after all, meet Lonrho's 90-day deadline for presenting demerger proposals. The timetable is now unclear – the board will call an extraordinary general meeting "as soon as possible." But Lonrho is keeping the pressure on, and a group of major institutional shareholders in Fraser has commissioned its own review from accountants Coopers and Lybrand.

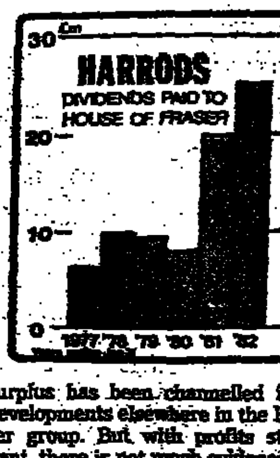
Financial strength

Harrods has always been a major financial force in the Fraser group, and at one time in the late 1970s, at the peak of the London tourist boom caused by the weakness of sterling, it was earning half the group's profits. Pre-tax profits of Harrods Ltd reached £21.8m in 1977-78, although this included the results of one or two other stores like D. H. Evans and Dickins and Jones.

In line with the fading fortunes of London department stores as a whole, Harrods has seen its pre-tax profits drop in recent years to something like £14m (or, say, £12m for the Knightsbridge store alone). But this is still approaching half the profits of House of Fraser, which is unlikely to achieve much more than an unchanged £28m pre-tax for the year which has just ended.

Perhaps even more significant is that Harrods has been a major source of cash for the Fraser group. In the late 1970s it was paying dividends of as much as £10m a year, easily outstripping the dividends paid by Fraser to its own public shareholders. In fact in the five years ended 1981-82 the total dividends paid by Harrods to its parent were £73.1m, though it must be understood that the last two years of the period included special payments to reflect disposals, notably that of the D.H. Evans store in Oxford Street for £29m.

So Harrods is not just a flagship, it is also a cash cow. Capital spending on Harrods itself has been modest compared to its cash flow. The



surplus has been channelled into developments elsewhere in the Fraser group. But with profits stagnant, there is not much evidence at present that recent new investment has been very profitable.

Officially, House of Fraser has not yet decided whether to recommend a demerger plan. In practice, the continuing presence within the group of Harrods as a cash generator seems to be fundamental to its plans which include an £80m five-year capital investment programme. The rump of Fraser could hardly afford this, unless it were mainly financed by the disposal of other assets.

For a demerger to make sense, any damage done to the prospects for the remainder of the group will have to be more than compensated for by extra value placed upon an independent Harrods by the stock market.

At 156p House of Fraser is capitalised at £236m by the market (incidentally a discount of 50 per cent to book net worth). Would the stock market be willing to put a fancy rating like a 15 or 20 times p/e on an independent Harrods? It is hard to accept, and anyway if Harrods is making no more than £12m pre-tax the overall impact would not be especially great.

Just suppose

Lonrho's response to this has been to attempt to rewrite the history of the past five years. Suppose Harrods had not handed all that cash over to its parent. Suppose it had invested it, if only in some financial asset like gilt-edged. Then Harrods would now be much bigger in terms of profits and assets, and its parent correspondingly smaller. The way Lonrho sees it, Harrods should be earning £22m pre-tax, with only £8m coming from the rest of the House of Fraser group, which would bear all the interest charge.

On this basis, the fancy multiple could be applied to a much bigger earnings figure. True, this would leave a struggling rump, but although Fraser's profits would be small it would have assets of well over £300m and comparatively moderate gearing. Fraser would be forced to stand on its own feet, and in the meantime, the argument runs, the stock market would value it more on the basis of assets than of earnings.

But such arguments will give the institutional case committee plenty to ponder on. Lonrho's emphasis on House of Fraser's asset values is crucial to its case – but how much are department stores really worth in today's depressed High Streets? And however much juggling is done with the shape and size of Harrods as a company, it will remain true that the size and earning power of the Knightsbridge store itself are largely unaffected. The stock market will not easily be persuaded that making Harrods bigger will necessarily make it more profitable.

Campaign

Nevertheless, it is interesting that both sides can agree that a separation is practicable (even though they disagree on its financial desirability). One reason is that Harrods has never been integrated with the rest of the Fraser chain – in management and merchandise it remains distinct. That is what has encouraged Lonrho to choose this demerger proposal as its latest convenient weapon in its long campaign against the House of Fraser board.

Lonrho's enthusiasm for the idea appears to be of fairly recent origin. There is certainly some irony in the fact that a group put together in such a higgledy-piggledy way as Lonrho should now be advocating the break-up of a much more coherent company. This is a matter of tactics rather than strategy.

When making representations to the Monopolies Commission in 1981, during the investigation of its proposed takeover of Fraser, Lonrho failed to emphasise any special proposals for Harrods. At that time Fraser drew the particular attention of the commission to the "extent to which Lonrho withdrew surplus funds from it subsidiaries," while Lonrho itself argued that a merger with Fraser would provide it with UK earnings to offset the effects of the recession on other subsidiaries.

Cash cows are not a bad idea for everyone, it would seem.

Naphtha pricing system collapses

By Carla Rapoport in London

EUROPE'S reporting system for contract prices of naphtha has collapsed, drawing further attention to the weakened state of the market for the oil-based feedstock.

Leading European chemicals companies – including ICI of Britain, BASF and Bayer of West Germany – started the Naphtha Price Reporting System (NPRS) in early 1980 in an attempt to reduce the industry's dependence on the volatile spot market for naphtha.

Naphtha prices have steadily declined almost from that date, in line with a weakening oil market and reduced industrial demand.

The NPRS's first weighted average for naphtha, announced in the first quarter of 1980, was $367. By the third quarter of last year the price had slipped to $324.80, while spot prices at that time had dipped below $300.

At a recent meeting in Brussels of the chemical companies participating in the system, it was decided that in the light of the changing structure of the market, the reporting system had to be discontinued.

The NPRS had encountered increasing difficulties in reaching the minimum reporting criteria for the publication of a quarterly price, according to Joe Roeber Associates in London, the group that published the figures.

Contracts suitable for reporting had to exceed 750,000 tons. Increasingly, member companies have done more business on the spot market and become unable to provide the information necessary to compile a price.

Industry officials point out that when the scheme was started, naphtha could have been in short supply and thus contracts were necessary. The spot market was very volatile then, having an inordinate effect on contract prices – sometimes a change of as much as 5 or 6 per cent per contract.

Spot prices at present are about $295 a tonne and could go lower if the oil price weakens further. The collapse of NPRS is viewed positively by some observers, because greater use of the spot market by the chemical companies could go some way to reducing the chronic naphtha surplus which has arisen from the present oil glut and depressed industrial demand.

NAPHTHA PRICES ($/ton)

First Quarter 1980	366.98
First Quarter 1981	358.49
First Quarter 1982	324.80
Third Quarter 1982	324.80

Exodus of West Africans from Nigeria speeds up

THE EXODUS of West Africans expelled from Nigeria speeded up dramatically yesterday after Ghana opened a frontier crossing to allow its citizens to re-enter their homeland.

When Ghana decided to open the border for the first time since September, there were well over 100,000 Ghanaians waiting at Seme, on the Nigerian frontier with Benin, around 80 km west of Lagos.

By yesterday afternoon, a double line of vehicles that had stretched back nose-to-tail over 2km from the frontier post had vanished as Benin authorities allowed the Ghanaians to flood into their country on the way home.

Previously Benin had allowed in only small groups of the thousands of people expelled from Nigeria as illegal aliens, fearing that, with the Ghanaian border closed, they might have to cope with vast numbers of stranded Ghanaians.

The opening of the Ghanaian border also sparked a rush of people from the Nigerian port of Lagos, where tens of thousands of Ghanaians have been awaiting evacuation by sea.

The dockside was a deafening babble of noise as people crowded around a fleet of articulated trucks to bargain fares home for themselves and their luggage, which lay around them in large piles.

Most were anxious to get away before today and the expiry of the two weeks Nigeria gave illegal aliens to leave. But it appeared likely that many would remain at the port waiting for promised ships from Ghana to take them home.

Some said they could not raise the money to go by road with truck owners charging 40 naira (U.S.$60) a person and at least that amount again for luggage.

Nigeria has twice demanded in the last week that the docks be cleared, but so far has made no move to implement the order.

There was still no definite word on the arrival of ships from Ghana to help in the evacuation yesterday and some people were selling belongings to raise the fare to go home by road. Reuter

Sterling's fall fails to boost orders for UK manufacturers

BY JOHN ELLIOTT, INDUSTRIAL EDITOR, IN LONDON

THE SHARP fall in the value of sterling during the past two months has helped to arrest British manufacturers' declining confidence about future prospects.

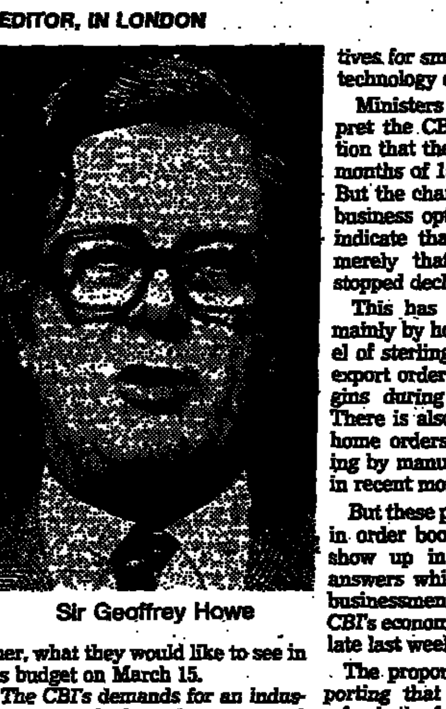
It has not, however, had any immediate impact on their order books – within Britain or from other countries – and there is no sign of any general improvement in UK industrial prospects.

These are believed to be the main conclusions of the Confederation of British Industry's (CBI) quarterly industrial trends survey which is to be published tomorrow.

A recovery in demand for some consumer goods, especially in the electrical and electronic industries and some textile sectors, has failed to generate any general improvement.

Almost all sectors involved in the engineering industry remain in deep recession, as recent company announcements of cuts have shown. The chemical industry is not reporting any significant improvements.

These results will provide the backcloth against which the Cabinet will meet on Thursday for an extended session during which Ministers will tell Sir Geoffrey Howe, the Chancellor of the Exchequer, what they would like to see in his budget on March 15.



Sir Geoffrey Howe

The CBI's demands for an industry-oriented budget of tax cuts and public spending of up to £4bn ($6.1bn) will probably be advocated by Mr Patrick Jenkin, Industry Secretary. Mr Jenkin also wants incentives for small businesses and high technology enterprises.

Ministers may choose to interpret the CBI survey as an indication that the gloom of the past few months of 1982 is beginning to lift. But the changes in the findings on business optimism do not seem to indicate that confidence is rising, merely that it appears to have stopped declining.

This has probably been caused mainly by hopes that the lower level of sterling will lead to improved export order books and profit margins during the coming months. There is also the prospect of more home orders after heavy de-stocking by manufacturers and retailers in recent months.

But these possible improvements in order books are not thought to show up in the detailed survey answers which were examined by businessmen and economists on the CBI's economic situation committee late last week.

The proportion of companies reporting that a lack of orders or sales is the factor most likely to restrict output in the coming four months remains in the broad 90 to 95 per cent range where it has been stuck for nearly two years.

Spanish employers agree wage deal

BY TOM BURNS IN MADRID

SPANISH employers' federations and trade unions agreed yesterday on a 9.5–12.5 per cent wage band which will govern salary increases for some 6.5m workers this year.

In addition, the employers have recognised a 40-hour week and the wage band will be revised should the cost of living index exceed 9 per cent by September.

In previous years the government took part in the negotiations. The 1983 guidelines, however, were framed by the big business confederation, CEOE, and by Cepyme, representing small and medium employers, and by the Socialist labour organisation, the Union General de Trabajadores (UGT) and the Communist Comisiones Obreras.

The month-long talks often threatened to break down, but the final wage band was closer to the union's opening bid of wage rises between 10–13 per cent than to the employers' original offer of 8–10 per cent.

The employers team apparently dropped, at the last minute, their opposition to the 40-hour week, recently announced by the Government.

Employers, however, gained agreement for an exemption from the pact for companies which had suffered losses in either of the past two years, or which could demonstrate financial difficulties

Reagan faces tax fight

Continued from Page 1

that the standby tax programme had "no chance" of implementation.

Mr Regan, asked in a television interview about whether there was any possibility of reducing deficits below $117bn by 1988, said the budget could be balanced by then if economic growth averaged "about 5 to 5.5 per cent" in the next five years.

This had happened once in postwar U.S. history, between 1961 and 1966, he said. But he admitted that was a period of "very low inflation" and budget deficits, and that such a performance was unlikely to be repeated in the coming years.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	R	11	52	Malaga	S	18	64	Salzburg	F	7	45
Akrotiri	F	16	61	Faro	S	17	63	Malta	R	13	55	Seoul	C	7	45
Algiers	S	17	63	Florence	C	12	54	Manila	S	32	90	Singapore	C	22	72
Amsterdam	R	7	45	Frankfurt	C	9	48	Miami	C	14	57	Stockholm	S	1	34
Athens	C	14	57	Funchal	S	16	61	Milan	Fg	4	39	Strasbourg	C	10	50
Bahrain	C	17	63	Geneva	C	8	46	Moscow	Sn	0	32	Sydney	S	27	81
Bangkok	S	30	86	Gibraltar	S	17	63	Munich	C	9	48	Taipei	C	22	72
Barcelona	S	15	59	Guernsey	C	4	39	Nairobi	F	27	81	Tangier	F	12	54
Beirut	F	15	59	Helsinki	S	-8	18	Naples	S	10	50	Tehran	—	—	—
Belgrade	C	12	54	H. Kong	C	18	64	New Delhi	F	17	63	Tel Aviv	S	15	59
Berlin	C	7	45	Innsbruck	F	6	43	New York	C	6	43	Tenerife	C	19	66
Biarritz	R	12	54	Inverness	C	1	34	Nice	S	15	59	Tokyo	F	17	63
Blackpool	C	4	39	Istanbul	S	12	54	Oporto	C	12	54	Toronto	C	3	37
Bordeaux	C	11	52	Jersey	R	4	39	Oslo	S	-2	28	Tunis	S	17	63
Brussels	R	6	43	Jo'burg	C	32	90	Paris	C	9	48	Valencia	S	21	70
Budapest	R	7	45	Las Palmas	S	18	64	Prague	C	6	43	Venice	Fg	5	41
B. Aires	C	35	95	Lima	S	29	84	Reykjavik	C	-5	23	Vienna	R	8	46
Cairo	C	18	64	Lisbon	S	13	55	Rio de J'o	S	37	99	Warsaw	F	6	43
Cape Town	F	24	75	Locarno	Fg	7	45	Rome	F	15	59	Zurich	R	7	45
Caracas	S	28	82	London	F	4	39								
Casablanca	S	16	61	Los Angeles	R	16	61								
Copenhagen	C	5	41	Luxembourg	C	6	43								
Corfu	C	13	55	Madrid	S	11	52								
Dublin	Sl	1	34	Majorca	S	19	66								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Venezuela seeks aid

Continued from Page 1

Bankers estimate that Venezuela could draw some $1bn from the Fund without submitting to economic policy conditions.

Meanwhile, Venezuela is to form a small advisory committee of foreign banks to help improve communications between the Government and the foreign banking community. Dr Sosa is due in New York today for talks with individual banks on this point.

Capital flight – also a major factor behind Mexico's debt crisis – appears to have been one of the main reasons for last year's drop in reserves. In his talks with bankers Dr Sosa is understood to have ruled out the possibility of exchange controls.

The drop in reserves was also caused by a 10 per cent increase in the cost of imports, a $4.2bn shortfall in oil export revenues and debt repayments of $2.2bn.

International bankers are increasingly talking of the possibility of a formal rescheduling for Venezuela.

If this happened, it would mean that only Peru and Colombia, among major Latin American debtors, would not have been caught up in rescheduling since the Mexican crisis broke.

Hispano plans merger

Continued from Page 1

years ago when the then presidents of Urquijo and Hispano formally signed a document that recognised the retail banking role of Hispano and the merchant banking specialisation of Urquijo.

In 1981 Hispano, which had 1,284 branches, had assets less contra accounts of Pta 1,396bn and net income of Pta 8.8bn. Banco Urquijo, with 52 branches, reported that year Pta 429bn in assets less contra accounts and Pta 2.47bn in net income.

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FINANCIAL TIMES
Monday January 31 1983

Bond market fails to escape the boom-bust cycle

BY PETER MONTAGNON IN LONDON

FEW PEOPLE believe more fervently in free market principles than international bond dealers. Yet the events of last week served once again as a salutary reminder to investment bankers of how free market forces sweep aside all those who attempt to stand in their path.

There could scarcely have been a greater contrast with the first three weeks of January, which saw the launch of almost $6bn worth of bonds amid triumphant claims from seasoned bankers that "the Eurobond market has finally come of age." Last week only one new bond was brought to the market, and that not until Friday, while another, the $40m convertible issue for Hanson Trust, was withdrawn.

All this was little more than a repetition of the old boom-bust syndrome that has beset the Eurobond market since its early infancy. It would be tempting to argue that the setback which saw secondary market prices of seasoned issues fall by around a point on the week was simply due to a changing perception of the outlook for interest rates.

True, the market did suffer from the sharp rise in the U.S. money supply of ten days ago. Mr Paul Volcker, chairman of the Federal Reserve, also warned that there was little further room at the moment for a cut in interest rates and financial market's reaction was cool to President Reagan's State of the Union message on Tuesday night.

But this is only part of the story. For the Eurobond market the real problem throughout last week was the sheer weight of billions of dollars worth of unplaced paper put on offer at low yields early in the year in anticipation of falling rates.

By the end of the week some of this paper was beginning to move, but very slowly, and at prices far different from those originally offered. For example, the 10¼ per cent World Bank paper due 1993 which had originally been issued at par was trading at 96⅝ for a yield of 11.46. Amoco's $50m seven-year paper, originally issued at a yield of 10.08, was trading at a yield of 10.77.

Partly paid issues had fared even worse, with Coca Cola's 9⅞ per cent issue trading at a yield of 10.85, almost a full point over the issue yield of 9.875. A similar fate befell General Electric's 9¾ per cent bonds, which were trading at 10.70 compared with the issue yield of 9.84.

The message was clear – the market would absorb such paper only at acceptable yields, and for this to happen a shakeout was needed. The striking feature of Friday's lone issue was that it was offered at a yield very much in the upper range of those that have been seen in the primary market this year. Nippon Credit Bank is raising $100m through a ten-year, 11¼ per cent bond priced at 99½ to yield 11.43

On Friday it was being quoted by lead managers at a respectable discount of 1½ per cent, but some other bankers were still rather taken aback that anyone had had the courage to launch an issue in what remained a fragile market. While most believed that the worst of the shakeout was over and that a recovery could feed on itself as the temptation to dump paper recedes, a lot more time is needed before this particular bout of indigestion is overcome.

Nor was it necessarily an easy week for new issue managers in non-dollar markets. In Germany a DM 100m issue scheduled for Canadian Imperial Bank of Commerce was withdrawn, while Ireland postponed its planned Y15bn Samurai issue.

Neither of these better regulated markets are suffering from quite the same indigestion as the dollar Eurobond market, but they have felt the impact of the Federal Reserve's failure to cut its discount rate as expected a couple of weeks ago.

KUWAIT'S POST-DATED CHEQUE CRISIS

Death of the dinar bond

BY ALAN FRIEDMAN IN KUWAIT

THE KUWAITI Dinar (KD) bond market, like every other part of Kuwait's financial community, has been hit by the U.S.$94bn, post-dated cheque crisis, stemming from the collapse last summer of the Souk al Manakh, the country's unofficial stock market.

The collapse occurred when post-dated cheques, used to buy and sell Souk al Manakh shares, were presented for payment prematurely and share prices tumbled.

Even before last August's crash, however, the KD bond market had been affected by the Souk. There were seven new public issues on the KD bond market during the first half of last year, bringing the total outstanding volume of KD bonds issued since 1974 to KD 500m (U.S.$1.7bn).

The new issue market closed down last June with a KD 7m 12¾ per cent five-year deal for the Österreichische Kontroll Bank, lead-managed by the Kuwait Foreign Trading Contracting and Investment Company, one of the three Ks which dominate the market.

The major problem for the KD bond market last summer was that investor interest was being diverted to share dealing on the Souk Al Manakh, where premiums on forward share purchases reached levels well above 100 per cent.

Retail investors do not really exist in the KD bond market and institutional investors were more interested in the Souk than in bonds. The Kuwait Investment Company, another of the three Ks, had to abandon plans to launch a 13 per cent bond for a European borrower last July because of this.

One leading Kuwaiti new issue manager said: "How could I dare offer a 13 or 14 per cent yield to someone who was making a 30, 50 or 100 per cent return on the Souk al Manakh?"

Now that the Souk has crashed, all of Kuwait is obsessed with the KD 27bn of post-dated cheques. They will have to be discounted, but Kuwaiti law suggests there could be a wave of bankruptcies unless the Government and the courts are flexible.

As a result companies and banks which might participate in the KD bond market are busy trying to persuade auditors to sign their balance sheets. Underwriting new bonds is a luxury few in Kuwait have time to consider.

Not only do many in Kuwait not know how much they are worth, but they are also afraid that if a KD bond came to market now, there would be political repercussions because of the export of capital at a time when the Government is injecting liquidity into the system.

The secondary market is doing reasonably well because of the shortage of new paper and the dramatic fall in short-term KD interest rates over the past few months.

Private sector debt complicates Latin American rescheduling

BY OUR EUROMARKETS CORRESPONDENT

"COUNTRIES never go bust but companies do" is an old adage now providing some food for thought among those bankers caught up in Latin America's rescheduling saga. In two cases, Mexico and Chile, the problems of the private sector are coming very much to the fore.

For Chile this is simply because the bulk of its $17bn foreign debt is owed by the private sector. Rescheduling discussions were resumed on Friday in New York between leading commercial banks and Chilean officials, who have already said that the country will have to reschedule some $2.8bn in private-sector debt falling due this year and next.

So far the talks have been held amid secrecy, but bankers admit that Chile's case is very difficult, not least because it involves the private sector. Any rescheduling that does occur will be difficult without some form of state guarantee and this in turn would be hard to elicit from a government that is strongly committed to free market economics.

In Mexico's case the private-sector debt, which amounts to $14bn excluding the $6bn debt of the newly nationalised banks, is now in the limelight because today sees the end of the temporary peso deposit scheme for interest payments. From tomorrow private-sector borrowers are scheduled to resume interest payments in dollars.

Under the peso deposit scheme Mexican companies were asked to make interest payments in pesos to the Bank of Mexico which then assumed a dollar liability to foreign commercial banks. This was intended to take account of the $1bn in interest arrears built up last year. Today the Mexican authorities have to make a first payment of $100m in U.S. currency of these arrears to creditor banks.

In London last week Mexican Finance Minister, Sr Jesus Silva Herzog, said that Mexican companies have been making their interest payments in pesos, but several creditors banks report a shortfall, with some saying that actual payments into the scheme are as low as 30 to 40 per cent of the amount due.

If this does turn out to be the case then it is hard to see how Mexican companies, especially those not affiliated to foreign multinationals, will find the dollars to pay interest from now on.

Even where better-off companies are concerned Mexican officials admit that some rescheduling of private-sector debt is now inevitable. Various proposals are being discussed by the advisory group of banks handling the public sector rescheduling, but details of a plan to allow Mexican companies to purchase dollars forward as a hedge against rescheduled debt have still not yet been announced in Mexico City.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Nippon Credit Bank ‡	100	1993	10	11¼	99½	Morgan Stanley, Citicorp, Salomon Bros., Nippon Credit Intl. (HK)	11.336
CAN. DOLLARS							
SEK ‡	50	1988	5	12¼	100	Enskilda Secs., Wood Gundy, SBCI	12.250
NatCan Realty ‡	30	1990	7	12½	100	Merrill Lynch	12.500
Credit d'Equippement des Petites et Moyennes Entreprises ‡	50	1990	7	12½	100	Societe Generale	12.500
D-MARKS							
CNT ‡	200	1993	10	7¾	100	West LB	7.750
EEC ‡	200	1995	7½	7¾	99½	Deutsche Bank	7.816
Council of Europe ‡	160	1995	8	7⅞	99½	BHF-Bank	7.962
Mitsui OSK Lines	100	1988	5	7¼	*	Commerzbank	*
Hydro-Quebec	200	1993	10	7⅞	*	West LB	*
SWISS FRANCS							
Japan Steel Works **¶‡	30	1988	5	5	100	Banca del Gottardo	5.000
Asian Devt. Bank ‡	100	1995	12	5⅞	100	UBS	5.875
Molachu Elec. Power **‡	100	1988	5	5½	100	CS	5.500
Mitsubishi Rayon **§‡	80	1988	5	3⅞	100	UBS	3.875
SWISS FRANCS (cont)							
Eisai Co. **§	80	1988	5	3⅞	100	CS	*
Taiyo Chemical **‡	15	1988	5	5⅞	100	Citicorp Bk. (Switz)	5.875
CNT ‡	100	1993	10	5½	100	UBS	5.500
Hospital Corp. of Am.	100	1993	10	*	*	SBC	5.125
AEIBC ‡	100	1993	10	4¾	100	Soditic	4.750
AEIBC **‡	125	1988	5	4¾	100	Soditic	4.750
AEIBC **‡	40	1989	6	4⅞	100	Soditic	4.875
AEIBC **‡	35	1990	7	5	100	Soditic	5.000
AEIBC **‡	50	1991	8	5¼	100	Soditic	5.250
Fujitsu §	100	1993	10	*	100	CS	3.500
Fujitsu**§	150	1988	5	*	100	CS	3.625
GUILDERS							
Quebec Prov. ‡	100	1988	5	7½	99	Amro Bank	7.749
ECSC	100	1998	15	7¾	*	Amro Bank	*
ECUs							
Credit Foncier de France †‡	50	1993	10	5¼Ø	100	Credit Lyonnais, Soc. Gen. de Banque	-
Credit Foncier de France	50	1993	10	11⅝	*	Credit Lyonnais, Soc. Gen. de Banque	*
SEK	60	1995	12	11¼‖	*	Kredietbank Intl.	*
YEN							
Isvaimer**‡	5bn	1993	8½	8.8	99.75	Bank of Tokyo	8.847

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Ø Minimum. § Convertible. ¶ With warrants. ‖ For three years. Note: Yields are calculated on AIBD basis.

U.S. BONDS

Refunding seen as an acid test by nervous dealers

IN THE U.S. credit markets attention is now firmly focused on this week's huge auction of Treasury debt. The quarterly refunding has taken on the tone of an acid test for the markets in the increasingly uncertain atmosphere.

Bond prices fell further last week as the long-awaited cut in the Federal Reserve Board's discount rate seemed to slip further into the future.

President Ronald Reagan said nothing to surprise, or reassure, the markets in his State of the Union message and Mr Paul Volcker, the Fed chairman, repeated his concerns about the budget deficit and inflation.

Reflecting Mr Volcker's concerns, prices at the long end of the government securities market bond prices fell a further quarter of a point while corporate prices also declined.

The administration's already widely leaked budget figures will be officially published today. However, the market's immediate concern is with this year's deficit and the February quarterly refunding it has spawned.

Starting tomorrow the Treasury will auction a record $14.5bn package of notes and bonds to raise $8.7bn in new cash towards its estimated $59.5bn requirement this quarter.

The February refunding will consist of $6.5bn of three-year notes to be auctioned tomorrow, $4.5bn of 10-year notes to be auctioned on Wednesday and $3.5bn of 30-year bonds—a reopening of the 10⅜ per cent 2012 long bonds—to be auctioned on Thursday.

On Friday the 30-year bonds were trading on a when-issued basis to yield 10.87 per cent. While banks, flush with new cash garnered from the money market rate current accounts, are expected to bid aggressively for the three-year notes, the market seems less sure about the outcome of the auction of the longer maturities.

However, the U.S. credit markets have a history of rallying into quarterly refundings and, as Salomon Brothers point out, investors are facing a significant positive yield inducement to extend maturities. Based on the when-issued trading levels on Friday, investors are being offered 90 basis points to extend from three to 10 years and a further 14 basis points to go from 10 to 30 years.

"At those levels the new 10- and 30-year Treasuries would represent unusually good value compared with new corporates which are yielding only 40 basis points and 100 basis points respectively less than long utilities," says Salomon.

In announcing details of the auction the Treasury also made a preliminary estimate of its borrowing needs for the second quarter. It suggested it would need to raise $33bn to $38bn compared to $11bn in the second quarter last year.

The softness of the credit markets ahead of the auction, has taken its toll on new corporate issues. Last week a mere $590m of new straight issues was launched. Ford Motor Credit brought a $50m issue of four-year, 11.25 notes to the market while Abbott Laboratories, the U.S. health care products manufacturer, launched the major issue of the week.

Abbott brought a $250m pack age off the shelf consisting of $100m of 10-year notes, priced to yield 11.08 per cent and $150m of 30-year, 11.8 per cent bonds priced at par.

Interestingly, the issue was another example of the workings of Rule 415 and the emergence of the "bought deal" in the U.S. markets. Goldman Sachs, Lehman Brothers, Kuhn Loeb and Salomon Brothers purchased the whole package from Abbott.

Paul Taylor

U.S. INTEREST RATES

	Week to Jan 28	Week to Jan 21
Fed Funds wkly av.	8.44	8.49
3-month Treas. bill	8.01	8.06
3-month CD	8.56	8.30
30-year Treas. bond	11.05	10.85
AAA Utility	11.88	12.13
AA Industrial	11.88	12.00

Source: Salomon Bros. (estimates). In the week to January 19 M1 fell by $0.8bn to $483.5bn. For the latest 13 weeks M1 averaged $477.2bn, a 15.7 per cent increase.

Paul Betts on the policy behind General Electric's $2.4bn Utah sale

High tech strategy at GE

"THEY are clearing the decks at GE." Mr Martin Sankey, an analyst who follows the giant U.S. manufacturing company for the Wall Street investment firm of First Boston, said after General Electric announced it was selling the bulk of its Utah International mining subsidiary to Broken Hill Proprietary of Australia for $2.4bn.

The sale of Utah is certainly the most dramatic aspect so far of the general spring cleaning that has been taking place at GE since Mr Jack Welch took over as chairman in April 1981.

Mr Welch, a chemical engineer has been causing a cultural and management revolution in what is perhaps the world's most diverse manufacturing company. In his first two years he has been seeking to position the company at the leading edge of high technology.

To do this, Mr Welch has been shedding a number of assets and buying new ones. At the same time, he has sought to instil a new management approach, designed to transform GE managers from bureaucrats into entrepreneurs.

The underlying strategy is to emphasise the businesses where GE feels it has a leading position and where it anticipates attractive growth opportunities. For the company the key to future growth and profitability lies in high technology and electronic products and what it calls the high-growth services segments of industry.

In line with this strategy it sold last year its Central Air Conditioning business for $135m to the Trane Company. GE lacked a strong and solid leadership position in this sector and decided to get out. A little later, it indicated it wanted to sell all its radio stations and some of its television stations. Now it has dropped out of the natural resources business.

"The move appears designed to improve their perception as a high tech company," says Mr Sankey. "They wanted to be perceived more as an electronic and industrial company rather than a natural resources company."

For GE's management, Utah, although attractively profitable, was proving to be a headache. It did not fit the company's new image and direction. Mr Welch decided to waste no time and sold the bulk of Utah's assets even though he was selling at the bottom of the natural resources market.

Indeed Broken Hill Proprietary (BHP) appears to have paid a good price for Utah's mining interests. GE acquired Utah in 1976 for nearly $2.2bn in stock. At the time, this was the biggest single acquisition in U.S. corporate history.

Mr Welch nevertheless clearly felt Utah sat unhappily in the new GE format. By selling and raising $2.4bn in cash he has added to his company's substantial war chest to invest in high technology businesses. At the end of December, GE already had $2.6bn in liquid assets. With the Utah sale it will now have some $5bn.

Most Wall Street analysts expect the company to continue investing in high technology both internally and by external acquisitions. In particular, GE is seeking to become a leader in supplying factory automation services and products. Mr Welch's aim is for GE to provide the complete "factory of the future."

GE has called the re-tooling of its own factories and those of other American industries as "the most important undertaking of the century." It has already spent more than $1bn automating its own factories and another $500m buying companies to enable it to offer a complete range of factory automation products and services.

Critics of Mr Welch feel the new chairman is moving too quickly. In the case of the Utah, they point out that the natural resources subsidiary had an attractive return on sales of 19 per cent compared to an overall return on sales at GE last year of 6.7 per cent. GE's earnings last year totalled $1.82bn on revenues of $26.5bn. BHP is acquiring assets which last year earned $247m on revenues of $1.31bn.

Wall Street, in general, seems to be endorsing the Welch strategy for GE. On Friday its stock rose more than four points at one stage to touch the golden 100 level.

It is thought unlikely that the company will now go out and make a splashy acquisition with its bulging cash hoard. At least that was the impression company insiders were giving last Friday shortly after the Utah sale was announced.

However, with $5bn in cash in his pocket, Mr Welch now has all the flexibility and financial muscle to spring a big surprise should he so decide.

No blanket solution to Kuwait cheque crisis

BY PATRICK COCKBURN AND ALAN FRIEDMAN IN KUWAIT

KUWAIT'S finance minister has ruled out any comprehensive formula to resolve the country's $94bn post-dated cheque crisis, stemming from the collapse last summer of the Souq al Manakh, the unofficial stock market.

Mr Abdul Lateef al Hamad insists that he favours allowing Kuwait's courts to deal with the most flagrant offenders, who wrote post-dated cheques in forward share dealings totalling billions of Dinars, but left open the prospect of more informal means of settling the problem.

The crisis arose last year when investors on the Souq al Manakh bought and sold shares using forward cheques which carried enormous premiums (in excess of 100 per cent) over the spot price. When cheques were presented for encashment prematurely the market crashed, leaving a mountain of KD 27bn ($94bn) worth of cheques.

The Finance Minister said the Kuwait Government is considering a number of schemes, designed to mitigate the consequences of the Souq al Manakh crash. He ruled out any "blanket solution" however, because of the complex problem of cross-indebtedness

Diplomats in Kuwait suggest, however, that the Government will try initially to get creditors and debtors to reach private agreements and will only start court proceedings where this has failed.

Numerous formulae, have been put forward in Kuwait, in order to resolve the discounting of the cheques but thus far there has been no concensus. Mr Al Hamad said over the weekend he believed the KD 27bn would be reduced to a net deficit of KD 7bn, which would then have to be further discounted.

The Minister hinted that in addition to the 60 Souq investors who have been referred for prosecution, there could be several hunder bankruptcies among the "middle group" of market participants. He stressed that nine among the 6,000, had liabilities totalling KD 15bn.

Mr Al Hamad also said that bankruptcies and prison sentences for some was the only way of achieving a real solution. "We will have people who have to be hurt," he declared.

Amex bank has new president

● AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION (AEIBC) has elected **Mr Robert F. Smith** its president and chief operating officer and **Mr Alger B. "Duke" Chapman, Jr.**, vice-chairman, to AEIBC's board. **Mr James R. Greene** has become vice-chairman and **Mr Robert A. Savage**, executive vice-president, was elected treasurer. Formerly a vice chairman of AEIBC, Mr Smith originally joined American Express as senior vice-president and treasurer in 1981, before joining the bank.

Responsible for AEIBC's private banking programme, Mr Chapman joined AEIBC as vice-chairman in March, 1982. Before coming to AEIBC, Mr Chapman was co-chairman of Shearson/American Express Inc. Mr Greene, who joined AEIBC in 1977 from Manufacturers Hanover Company, where he had been senior vice-president and deputy general manager, was president of AEIBC. Mr Savage has served AEIBC as executive vice-president and its chief treasury officer.

Following the combination of AEIBC and Trade Development Banks, **Mr Edmond J. Safra** will remain chief executive officer of certain of the banks being acquired from TDBH. Mr Safra has also agreed to serve, as soon as he is able to do so, as chairman of the board and chief executive officer of AEIBC. AEIBC is a wholly owned subsidiary of American Express Company.

● STANDARD CHARTERED FINANCE, Standard Chartered Bank's finance subsidiary in Australia, has made the following changes: **Mr G. W. Bottrill**, chairman, has resigned from the board. **Mr T. M. Attwood** has succeeded him as chairman. Mr Attwood has been a director since 1976. He is also the chairman of Standard Chartered Australia, the merchant banking subsidiary of Standard Chartered Bank and chairman of Boustead Australia. **Mr R. W. Brack** has been appointed a director. Mr Brack is also the chairman of Telecom.

INTERNATIONAL APPOINTMENTS

● TEXACO INC, has appointed **Mr Paul B. Hicks Jr**, a vice-president, president of Texaco Europe. He succeeds **Mr Annon M. Card**, who has taken early retirement. **Mr Gregory E. Good Jr** has been named general manager of the public relations department. Both men will be based in New York.

● MARTIN MARIETTA CORP. has appointed its president, **Mr Thomas Pownall** chairman succeeding **Mr J. Donald Rauth**, who has retired. Mr Pownall joined the company as vice-president for advanced planning in aerospace. He was elected president of the company in 1977 and chief executive officer in 1982.

● **Mr Philip E. Lippincott**, president and chief executive officer of SCOTT PAPER COMPANY, will also become chairman on February 1. **Mr Charles D. Dickey Jr**, the current chairman, expressed a year ago his intention to retire as chairman on reaching 65. Mr Dickey will remain a Scott director, concentrating on Scott's relationships with federal and state governments.

● THE CHASE MANHATTAN BANK, Paris branch has appointed **Mr Sander von Balluseck** to assistant general manager with responsibility for corporate industries marketing. Mr von Balluseck managed the Chase Manhattan Overseas Corp. representative office in Amsterdam where he is succeeded by **Mr Freddy De Man**, country corporate marketing manager for Chase's Belgian subsidiary, Banque de Commerce.

● THE ROYAL BANK OF CANADA has appointed two executive vice-presidents from June 1. **Mr B. V. Kelly** has been named executive vice-president, world corporate banking, and **Mr J. E. Cleghorn** becomes executive vice-president, international banking. Mr Kelly is senior vice-president, international banking. Mr Cleghorn is senior vice-president and general manager of the bank's operations in British Columbia and the Yukon.

● **Mr Sigvard Bahrke** will be leaving as managing director of ASSI, Sweden, after the board meeting on March 15. **Mr Hans Carlsson**, deputy managing director, will take over as acting managing director. Mr Bahrke will remain a member of the boards of ASSI's packaging companies.

● Changes have been made to the WORLD AIRWAYS' management team: **Mr William P. Jamieson** has been appointed vice-president marketing and sales. He will be responsible for all airline sales and service functions including reservations, airport and inflight services, passenger services, cargo and charter sales. Mr Jamieson has been with World since 1980 during which time he has made significant and effective changes in the passenger and reservation system. Two regional vice-presidents have been appointed: **Mr William G. Ziegler**, has been appointed vice-president eastern region — area east of Mississippi River. He is based at Baltimore/Washington International Airport. **Mr Gary Sterling** has been made vice-president western region — the area west of Mississippi River. Formerly director of agency sales with World he has 15 years experience with International Carriers.

● THE ROYAL BANK OF SCOTLAND has appointed **Mr William D. Moffat**, senior representative at its Chicago representative office, U.S., in succession to **Mr James L Stewart** who has returned to Scotland to become an assistant manager at the bank's Edinburgh, St Andrew Square office. Mr Moffat was a manager in international division at head office.

● **Dr James A. Culver** has been appointed director of research of MERRILL LYNCH COMMODITIES INC. Dr Culver replaces **Mr Frank L. Hochheimer**, who has been appointed director of the company's newly-formed futures information group. Since 1979, Dr Culver has held the position of chief economist and director of economics and education for the Commodity Futures Trading Commission.

● **Mr Bob Krasnow**, vice president of Warner Bros Records, has been appointed chairman of ELEKTRA/ASYLUM RECORDS. He succeeds **Mr Joe Smith** who has resigned to take up another position, still to be announced, with Warner Communications' sports promotions. **Mr. Bruce Lundvall**, senior vice president of Elektra/Asylum, has been appointed president. The company is to move its base from California to New York.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aetna Life 15 86/97 ...	150	109	109½	0	−1⅛	11.35
Amex O/S Fin. 14¼ 89	75	109⅜	109⅝	0	−0¼	11.99
Amro Bank 13 89	200	105¼	105¾	0	−0⅜	11.75
BHP Finance 14¾ 89 ...	150	105⅞	106⅜	+0⅛	−1½	13.21
Bk. Montreal 14½ 87 ...	100	106½	107	+0⅛	−1⅛	12.34
British Col. Hyd. 14¾ 89	200	110⅜	110¾	0	−1¼	12.22
British Col. Hyd. 15¾ 92	150	114⅜	114⅞	0	−1¼	12.49
Canada 14⅛ 87	750	110	110½	+0⅛	−0⅛	11.23
Canadair 12½ 89	175	104¼	104¾	+0⅛	−0¼	11.51
Canadian Wheat 11¼ 90	50	98⅜	98⅞	+0¼	−0¼	11.51
Can. Pac. Ltd. 14⅝ 92	75	107⅞	108⅜	−0⅛	−0¼	13.03
Can. Pac. Sec. 15 89 ...	75	109	109½	+2⅛	+1⅛	12.75
Citicorp O/S 15 84/92	100	104⅝	105⅛	+0⅛	−0¼	10.40
Coca Cola Int. 11¾ 89	100	105½	106	+0⅛	−0¼	10.48
Credit Suisse 10½ 89 ...	100	99⅜	99⅞	+0⅛	−1⅛	10.57
Deutsche Bk. F. 14¼ 89	300	109½	110	0	−0½	11.58
Du Pont 11¼ 95	150	98⅞	99⅜	0	−0⅜	11.38
Du Pont 14⅛ 89 WW ...	200	107¼	107¾	+0¼	0	12.35
EDC 10⅛ 88	100	98½	99	0	−0⅜	11.09
EDF 12⅝ 87	150	102¾	103¼	0	−0⅜	11.85
EEC 11½ 95	200	96¾	97¼	0	−0⅜	11.98
EIB 15½ 92	100	110⅞	111⅜	0	−1⅛	13.32
Eksportfinans 14½ 89 ...	50	106½	107	0	−0¼	12.83
Exp. Dev. Cpn. 11¾ 87	100	101⅜	101⅞	0	−0⅜	11.28
Forsmarks 13¾ 92	75	102¾	103¼	+0⅛	−0⅜	13.15
Gaz de France 12¾ 93	175	18⅜	18⅞	−0⅛	−1⅛	12.47
Gen. Elec. Credit 12 89	100	105¼	105¾	−0⅛	−0⅞	10.77
Getty Oil Int. 14 89 ...	125	107⅜	107⅞	0	−1⅛	12.15
GMAC O/S Fin. 15 87	100	108⅝	109½	+0⅛	−0⅛	12.17
GMAC O/S Fin. 15 89	125	110¾	111¼	+0⅛	+0⅛	12.34
Gulf Oil Fin. 12¾ 87 ...	100	104⅜	104⅞	+0⅛	−0½	10.90
IBM Wld. Trade 12¼ 92	200	110⅜	110⅞	0	+0½	10.43
Lloyds Euro. 11½ 94......	100	18⅞	19⅜	0	−1¼	11.63
Manitoba Prov. 11¾ 89	125	103¼	103¾	−0⅛	−1	10.97
Manitoba Prov. 13¾ 89	100	108⅝	109⅛	+0⅛	−1¼	11.72
Midland Int. F. 11½ 92	150	98¾	99¼	0	−0¼	11.66
Nat. West. Fin. 11¾ 92	150	100¼	100¾	0	−0¼	11.64
New Brunswick 15¾ 87	75	111	111½	−0⅛	−0½	11.83
Newfoundland 15½ 90...	75	110⅝	111⅛	0	−0⅜	13.10
Nova Scotia Pr. 15¼ 89	75	113	113½	−0⅛	−1⅛	12.14
Ontario Hydro 11¾ 89...	200	100⅞	101⅜	+0⅛	+0¼	11.00
Ontario Hydro 12¾ 92...	200	104¾	105¼	+0⅛	−1½	11.83
Ontario Hydro 15 92 ...	150	114⅞	115⅜	+0⅛	−1⅛	12.19
Prudential O/S 12⅝ 87	150	105¼	105¾	0	−0⅜	11.18
Quebec Hy. 11½ 92 (D)	100	98⅜	98⅞	+0⅛	+0⅛	11.77
R. J. Reynolds 12⅞ 89	100	105⅛	105⅝	+0⅛	−0⅛	11.52
Saskatchewan P. 15 92	150	113¼	113¾	0	−1	12.48
Shell Canada 14⅛ 92 ...	125	106¾	107¼	+0⅛	−0⅜	13.00
Superior O/S Fin. 14 89	125	106⅝	107⅛	0	−0¼	12.33
Swed. Exp. Cr. 14¾ 90	100	106⅝	107⅛	0	−0⅜	13.18
Swiss Bk. Cpn. 10¼ 90	125	98	98½	0	−0⅞	10.61
UBS 10⅛ 87	200	101	101½	0	−1⅛	10.38
UBS 11 89	150	101	101½	−0⅛	−2⅛	10.71
Walt Disney Pr. 12½ 89	75	103½	104	+0⅛	−1⅛	11.59
World Bank 10⅞ 90 ...	200	97⅝	98⅛	+0¼	−1	11.33
World Bank 11⅛ 98 ...	100	96⅞	97⅜	0	−1⅛	11.57
World Bank 13¼ 87 ...	300	105¾	106¼	0	−1	11.48

Average price changes .. On day +0⅛ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 8¾ 92 ...	80	100½	101¼	+0¼	0	8.11
Asian D. B. 8¼ 92	150	99⅜	99⅞	+0⅛	−0⅜	8.32
Asn. D. B. 9⅛ 92 (Aug)	150	103⅜	103⅞	+0⅛	−0⅜	8.68
Australia 7¾ 92	200	102	102¾	0	−1¼	7.39
Bayer Capital 7⅝ 89	150	99⅞	100⅜	+0⅛	+0⅛	7.57
Beecham Fin. 8⅛ 92 ...	125	100¾	101¼	+0⅛	0	8.00
Black and Decker 9⅛ 89	110	103⅞	104⅜	+0⅛	−0½	8.25
Caisse N. Energie 8 93	100	99½	99⅞	−0⅛	+0½	8.05
ECSC 7⅝ 93	150	98¼	99	+0⅛	+0⅛	7.70
ECSC 8 94	200	100⅜	100⅞	+0⅛	−0⅜	7.93
EEC 8 94	200	100⅜	100⅞	+0⅛	−0½	7.93
EIB 8¼ 92	200	100⅝	101⅛	0	−0⅞	8.12
GKN 8½ 89	100	97⅝	98⅛	0	−0¼	8.77
Gould Int. Fin. 8⅛ 89...	75	100⅞	101⅜	+0⅛	−0⅜	8.02
Ireland 8⅞ 91	150	99¾	100	+0⅛	+0⅛	8.94
ITT Antilles 8¼ 92	100	106¾	107	+0⅛	−0⅜	8.21
McDonalds Fin. 7⅛ 92	100	99⅝	100⅛	+0⅛	−0¼	7.14
Mitsubishi Heavy 7⅜ 87	150	100½	100⅞	+0⅛	+0⅛	7.49
Norsk Hydro 9 92	100	105⅜	105⅞	+0⅛	−0⅛	8.14
OKB 8⅞ 89	100	102⅝	103½	0	−0⅜	8.25
Philips Lamps 8½ 92 ...	100	105⅜	106⅛	−0⅛	−0½	7.57
Sweden Kingdom 8¾ 89	150	100¾	101½	+0⅛	0	8.02
World Bank 8⅛ 92	200	101¼	102	+0⅛	−0¼	8.00
World Bank 9 92	200	104⅝	105⅜	+0⅛	−0½	8.25

Average price changes... On day +0⅛ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
BFCE 6¼ 92	100	102¼	102½	0	−0⅞	5.92
Bowater Int. Fin. 6 92	100	103¾	104	0	+0⅛	5.48
Chugoku E. Pow. 6⅞ 91	100	103	103¼	0	−0¼	5.63
City of Oslo 6¼ 92	100	105	105¼	+0⅞	−0¼	5.56
EEC 6⅛ 92	100	104	104¼	0	−0¼	5.68
EIB 6¼ 92	100	103½	103¾	0	−0⅛	5.75
Europarat 6¾ 92	100	104	104¼	−0½	−0⅛	6.17
First Interstate 6 92 ...	100	104	104¼	+0¼	+0⅛	5.45
Gaz de France 6 93	100	103	103¼	−0⅛	−0⅛	5.58
Japan Airlines 6 94	100	104¼	104½	+0⅛	−0⅜	5.48
Japan Dev. Bank 5¾ 92	100	101¼	101½	−0⅛	−0⅛	5.07
Kawasaki Steel 6½ 92...	100	103½	103¾	−0⅜	−0⅜	5.99
KLM Dutch Air 6¾ 92...	80	104¼	104½	−0⅛	−0½	5.67
Kyushu Elec Pwr. 6 92	100	102¼	102½	0	+0¼	5.68
Montreal Urban 6½ 92	100	105¾	106	+0¼	+0⅛	5.63
New Zealand 5¾ 92 ...	100	102¼	102½	0	−0¼	4.94
Nisshin Steel Co. 6⅛ 92	100	102¼	102½	−0¼	−1⅛	6.05
OKG 6¾ 93	60	101½	101¾	0	−0⅜	6.52
Philip Morris 5¾ 92 ..	100	103⅞	104⅛	+0⅜	−0¼	4.73
Philips Lamps 5¾ 92 ...	100	105	105¼	+0⅛	+0⅛	5.07
Quebec 5¾ 92	100	103½	103¾	0	−0⅜	5.27
Sweden Kingdom 5⅞ 92	100	101½	101¾	0	−0⅜	5.65
Tokyo El. Power 5⅞ 92	100	103	103¼	+0⅛	0	5.45
Tokyo Metropolis 5⅛ 92	100	101¼	101½	+0⅛	−0⅞	5.18
World Bank 5½ 93	100	102	102¼	0	+0¼	5.22
World Bank 6⅛ 92	100	105⅛	105⅜	+0⅛	−0¼	5.53

Average price changes.. On day +0¼ on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8¾ 92	15	105⅜	105⅞	0	−2	7.79
EIB 8¼ 92	15	102⅞	103⅜	0	−1⅛	7.74
Japan Airlines 7⅞ 87...	9	†100½	101	+0¼	−1¼	7.65
New Zealand 8⅛ 87......	15	105⅛	105⅝	0	−1½	6.97
World Bank 8⅜ 92	20	104	104½	+0⅛	−1⅛	7.68

Average price changes... On day +0⅛ on week −1½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Br. Col. Tel. 17¾ 88 C$	50	†113¾	113⅝	0	−0⅛	13.61
Can. Utilities 17 87 C$	35	†113¾	114¼	−0⅛	−0½	12.69
Gaz de France 15 89 C$	75	†105⅛	105⅝	0	−1⅛	13.44
Gaz Metro 14½ 92 C$...	40	†104⅝	105⅛	0	0	13.46
OKB 16⅛ 88 C$	63	†114¾	114¼	+0½	−0½	12.35
Quebec Hyd. 14 92 C$	60	†107⅛	107⅝	0	−0⅛	12.80
Univ. Queb. 16⅛ 87 C$	17	†105	105½	0	−1	14.83
Ireland 12¾ 90 ECU ...	30	100⅞	101⅜	0	+0⅛	12.58
Thom. Bd. 12½ 87 ECU	40	100⅝	101⅛	0	0	12.31
Amfas 9½ 87 Fl	60	104⅝	105⅛	+0⅛	−0⅛	8.23
Amro Bank 9½ 87 Fl ...	100	105⅝	106⅛	−0⅛	−0⅜	7.93
Neder. Midbk. 9¾ 87 Fl	100	104⅝	105⅛	−0⅛	−0⅛	7.96
Nedlloyd Gp. 10⅛ 87 Fl	75	105⅝	106⅛	+0⅛	−0⅛	8.55
Van Lanschot 10⅛ 87 Fl	50	108⅜	108⅞	0	−0⅛	7.87
World Bank 10 87 Fl ...	100	107¼	107¾	−0⅛	−1⅛	8.02
OKB 14 86 FFr	400	97⅛	98⅛	0	0	14.68
Solvay et C. 14¾ 86 FFr	200	96⅞	97⅞	0	−0⅛	15.83
BFCE 14⅛ 87 £............	30	104½	105½	+0⅛	−0⅛	12.88
CECA 13⅛ 88 £............	20	100¾	101¼	+0⅛	−0⅛	13.13
CNT 12⅛ 89 £	20	97⅝	98⅛	0	−0⅛	12.99
Fin. For Ind. 12¾ 88 £...	30	99	100	−0⅛	−1	12.34
F. Mat. Oranj. 12⅝ 92 £	30	21⅝	22⅛	+0⅛	−1⅛	13.28
Gen. Elec. Co. 12⅛ 89 £	50	101⅞	102⅜	0	−0⅛	11.92
Hiram Walker 14⅛ 86 £	25	104	105	0	−0⅛	12.41
Mort. Bk. Fin. 11⅜ 89 £	15	22⅜	23⅛	+0⅛	−0⅛	13.54
Norsk Hydro. 12 90 £...	30	24⅜	25⅛	−0⅛	−1⅛	12.46
Norsk Hydro. 14½ 87 £	30	104⅛	105½	0	−0⅛	12.88
Quebec 14½ 89 £.........	30	102⅝	103⅛	+0⅛	−0⅛	13.75
Quebec 15½ 87 £.........	35	106⅝	107⅛	0	−0⅛	13.25
SDR France 15½ 92 £...	30	103⅝	104⅛	+0⅛	+0⅛	14.67
SNCF 11¾ 89 £............	30	16⅞	17⅛	0	−1	13.40
Tenneco Int. 14¾ 87 £	30	104⅜	105⅛	0	+0⅛	13.11
World Bank 11½ 91 £...	75	22⅛	23⅛	0	−0⅛	12.90
Eurofima 10½ 87 LuxFr	500	99⅞	100⅞	−0⅛	−0½	10.58
Europarat 12½ 92 LuxFr	500	104⅛	105⅛	0	−0⅛	11.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¾ 92	0¼	97½	98	15/4	10⅜	10.87
Bk. of Tokyo 5¼ 91 (D)	0⅛	99⅞	100⅛	10/6	9⅝	9.78
Bk. Nova Scotia 5¼ 93	0⅛	99⅜	99⅞	29/4	10½	10.54
BFCE 5¼ 88	0⅛	99	99½	20/7	9¼	9.32
BFCE 5¼ 87	0¼	99⅝	99⅞	27/1	14	14.09
Caisse Nat. Tels. 5¼ 90	0¼	98⅞	99⅜	21/4	10.56	10.67
CCCE 5¼ 2002	0⅛	98⅞	99⅜	11/3	9⅝	10.04
CEPME 5¼ 92	0¼	99⅝	99⅞	10/6	9.94	9.99
Chemical NY 5¼ 94 ...	§0¼	100	100½	22/3	9.94	9.91
Credit Agricole 5¼ 97...	0¼	98⅝	99⅛	24/3	12⅞	12.96
Credit du Nord 5¼ 92...	0¼	98⅞	99⅜	23/6	10⅛	10.23
Credit Lyonnais 5¼ 97...	0¼	99⅜	99⅞	1/4	12.19	12.23
Credit Lyonnais 5¼ 94...	0¼	98⅞	99⅜	5/7	9⅝	9.82
Credit Nat. 5¼ 94	§0¼	98⅝	99	9/3	12.18	12.34
Kansallis Osake 5¼ 92	0¼	99½	100	6/5	10.06	10.09
Lloyds Eurofin 5¼ 93 ...	§0¼	100⅛	100⅝	29/4	10.56	10.52
Long Term Cred. 5¼ 92	0¼	99⅝	100⅛	27/5	10⅛	10.14
J. P. Morgan 5¼ 97 ...	§0¼	99⅞	100⅜	14/2	10.06	10.05
Nat. West. Fin. 5¼ 91...	§0¼	99⅝	100⅛	15/7	9⅛	9.26
New Zealand 5¼ 87......	0¼	100⅛	100⅞	7/4	12½	12.44
NZ Steel Dev. 5¼ 92 ...	0¼	99⅜	100⅛	22/6	10.19	10.19
Nippon Credit 5¼ 90 ...	0¼	99⅜	100⅛	10/2	13⅞	13.88
Offshore Mining 5¼ 91	0¼	99⅝	100⅛	2/6	10.44	10.44
Scotland Int. 5¼ 92 ...	0¼	99⅝	100⅛	23/3	13⅛	13.26
Sec. Pacific 5¼ 91	0¼	100⅛	100⅝	24/5	10.06	10.02
Societe Generale 5¼ 95	0¼	99	99½	1/3	12.81	12.91
Standard Chartd. 5¼ 91	0¼	99⅝	100⅛	19/5	10.69	10.66
Sweden 5¼ 89	0¼	99	99½	26/2	11.81	11.90

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¾ 96	7/81	933	90¾	92	−0¼	3.68
Bridgestone Tire 5½ 96	3/82	470	95⅜	97⅜	−0⅛	2.90
Canon 7 97	7/82	748.2	163⅛	166	−1⅛	3.34
Fujitsu Fanuc 4¼ 96 ...	10/81	5614	98⅛	100⅛	+0⅛	26.17
Hitachi Cable 5½ 96 ...	2/82	515	95	96⅛	+1⅛	3.72
Hitachi Cred. Cpn. 5 96	7/81	1612	87⅛	89⅛	−2⅛	17.46
Honda Motor 5½ 97 ...	3/82	836.6	120⅛	121⅞	−0⅛	4.33
Kawasaki 5⅛ 96	9/81	229	69⅞	71	−0⅛	27.13
Kumagai Gumi 6½ 97...	10/82	400	111	112½	+0⅛	5.69
Kyowa Hakko 6½ 97 ...	2/83	762	103⅛	104⅛	+2	15.88
Marui 6 96	7/81	848.4	115⅛	116⅞	+0⅛	14.46
Minolta Camera 5 96...	10/81	826.4	69⅝	71⅛	−0⅛	37.01
Minorco 9¼ 97	5/82	8.16	†141½	143¼	0	1.38
Murata 5⅛ 96	7/81	1971	89⅛	90⅛	0	21.45
NKK 6⅞ 96	7/81	198	80	81½	+0⅛	24.27
Nippon Electric 5½ 97...	2/82	804.2	116½	118	−0⅛	6.41
Olympus Optic. 6⅛ 97...	12/82	1331	103	104½	+0⅛	15.76
Orient Finance 5⅛ 97 ...	3/82	1205	90½	92	−3	−8.24
Sanyo Electric 5 96 ...	10/81	652	81	82½	−0⅛	25.27
Sumitomo Elec. 5½ 97...	3/82	577.3	96½	98	−0⅛	10.63
Sumitomo Met. 5⅛ 96...	10/81	295.1	69⅝	71⅛	0	39.38
Olym. O. 4⅛ 92 SwFr...	12/82	1331	108	110	0	32.81
Konishiroku 6⅛ 88 DM	6/82	616	109⅛	110⅛	0	6.99
Mitsubishi H. 6 89 DM	2/82	263	101⅛	102⅛	+0⅛	10.06
Sum Realty 6¼ 92 DM	2/83	365	108	109	+0⅛	2.38

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	5,731.9	12,334.6
Previous week	7,098.6	13,221.9
Other bonds		
Last week......	975.4	566.1
Previous week	1,051.1	682.4

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on January 28

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling hit by oil price fears

BY COLIN MILLHAM

Sterling's vulnerability to oil price movements was firmly illustrated last week. The pound was at a record low against the dollar despite the announcement of a record U.S. trade deficit of $42.69bn (£27.7bn) in 1982, compared with Britain's surplus of $7bn (£4.6bn).

The fact that UK non oil exports rose by an average of nearly 6 per cent in the final quarter from the previous three months was lost against a background of instability in the international oil market.

The pound's weakness in recent months has at various times been blamed on falling oil prices, expectations of a trade deficit in 1983, and fears of an early general election.

June now seems to be the earliest date for an election, but the autumn or early 1984 remain strong possibilities. This has helped to calm the spate of election fever gripping the markets earlier this month, while the latest figures have raised hopes that Britain will maintain a current account balance of payments surplus throughout this year.

This compares with expectations of a worsening U.S. balance of payments position in 1983, but two factors continued to depress the pound and support the dollar last week. Financial markets have been waiting for a cut in the U.S. Federal Reserve discount rate for many weeks, and now seem to be in a state of suspended animation following statements by various U.S. officials.

President Reagan, in his State of the Union message, Mr Donald Regan, Treasury Secretary, and Mr Paul Volker, chairman of the Federal Reserve Board, tended to confuse the foreign exchanges with their comments. The growing uncertainty about the immediate prospects of an upturn in the U.S. economy, and interest rate trends encouraged demand for the dollar. Any lingering hopes of lower U.S. interest rates in the immediate future also received a setback when the U.S. Treasury announced a quarterly refunding package of $14.5bn on Wednesday.

But the major factor behind the pound's weakness against the dollar was the oil situation, and fears that the failure to agree Opec production quotas will lead to lower prices.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.5380	1.5335	1.5281	1.5234	1.4240
D-Mark	3.7375	3.7200	3.6838	3.6381	3.5564
French Franc	10.5850	10.6225	10.810	11.0015	11.2313
Swiss Franc	3.0550	3.0338	2.9900	2.9397	2.8447
Japanese Yen	363.0	361.6	368.6	354.6	347.8

BANK OF ENGLAND TREASURY BILL TENDER

	Jan. 28	Jan. 21		Jan. 28	Jan. 21
Bills on offer	£100m	£100m	Top accepted rate of discount	10.95%	10.7896%
Total of applications	£320.37m	£266.765m	Average rate of discount	10.9566%	10.7550%
Total allocated	£100m	£100m	Average yield	11.24%	11.05%
Minimum accepted bid	£97.27	£97.310	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	100%	14%			

* 91-day bills. 92-day bills £97.24 at 82%.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	44.9630	−0.02	+1.30	±1.5501
Danish Krone	8.23400	8.07031	−1.99	−0.67	±1.6430
German D-Mark	2.33379	2.29537	−1.65	−0.33	±1.0888
French Franc	6.61387	6.50787	−1.60	−0.28	±1.3940
Dutch Guilder	2.57971	2.52241	−2.22	−0.90	±1.5004
Irish Punt	0.691011	0.690167	−0.12	+1.20	±1.6691
Italian Lira	1350.27	1322.91	−2.03	−1.33	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Jan. 28	Bank of England Index	Morgan Guaranty Change %
Sterling	80.9	−39.5
U.S. dollar	120.1	+10.8
Canadian dollar	89.5	−17.8
Austrian schilling	119.8	+29.1
Belgian franc	94.2	−2.1
Danish kroner	83.9	−9.8
Deutsche mark	128.0	+54.2
Swiss franc	153.6	+110.3
Guilder	119.2	+28.1
French franc	75.9	−19.3
Lira	53.1	−58.7
Yen	145.0	+38.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.708561	0.612985
U.S. $	8½	1.08855	0.942078
Canadian$	9.85	*	1.16488
Austria Sch	4¾	18.6336	16.1284
Belgian F	11½	51.9795	44.9630
Danish Kr	10	9.32988	8.07031
D mark	5	2.65427	2.29537
Guilder	4½	2.91623	2.52241
French F	9½	7.51560	6.50787
Lira	18	1528.59	1322.91
Yen	5½	257.504	223.084
Norwgn Kr	9	7.77191	6.71513
Spanish Pta	—	140.619	121.764
Swedish Kr	9	8.08807	6.99917
Swiss Fr	4½	2.17148	1.87681
Greek Dr'ch	20½	n/a	78.9838

* C$/SDR rate for Jan 27: 1.34382.

OTHER CURRENCIES

Jan. 28	£	$		£ Note Rates
Argentina Peso	82,213-82,263	53,460-53,510	Austria	26.10-26.40
Australia Dollar	1.5820-1.5840	1.0270-1.0275	Belgium	75.55-76.55
Brazil Cruzeiro	421.50-422.50	273.91-275.28	Denmark	13.10-13.24
Finland Markka	8.2880-8.3035	5.3970-5.3980	France	10.57-10.67
Greek Drachma	127.075-130.290	83.70-83.90	Germany	3.73-3.77
Hong Kong Dollar	10.05-10.07	6.5450-6.5500	Italy	2125-2170
Iran Rial	129.70*	85.10*	Japan	365-368
Kuwait Dinar (KD)	0.446-0.447	0.2909-0.2910	Netherlands	4.09½-4.13½
Luxembourg Fr.	73.15-73.25	47.65-47.67	Norway	10.90-11.00
Malaysia Dollar	3.4928-3.5075	2.2740-2.2760	Portugal	140-170
New Zealand Dlr.	2.1245-2.1330	1.3850-1.3870	Spain	190½-206¼
Saudi Arab. Riyal	5.2810-5.2865	3.4405-3.4415	Sweden	11.35-11.45
Singapore Dollar	3.1700-3.1850	2.0650-2.0670	Switzerland	3.05-3.09
Sth. African Rand	1.6375-1.6390	1.0660-1.0670	United States	1.52½-1.54½
U.A.E. Dirham	5.6355-5.6440	3.6720-3.6740	Yugoslavia	118-127

*Selling rates.

THE POUND SPOT AND FORWARD

Jan 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5320-1.5420	1.5355-1.5365	0.28-0.23c pm	1.99	0.82-0.77 pm	2.07
Canada	1.8850-1.9050	1.8875-1.8885	0.16-0.06c pm	0.66	0.50-0.40 pm	0.90
Nethlnd.	4.09½-4.13½	4.10¼-4.11¼	2¼-1¾c pm	5.84	6¾-6¼ pm	6.21
Belgium	73.00-73.60	73.15-73.25	5-15c dis	−1.64	32-42 dis	−2.02
Denmark	13.14-13.22	13.14¾-13.15¾	6¾-8¼ore dis	−6.78	22¾-24¾ dis	−7.13
Ireland	1.1200-1.1300	1.1220-1.1240	0.62-0.72p dis	−7.21	1.40-1.63dis	−5.40
W. Ger.	3.72½-3.76	3.73¾-3.74¾	2-1¼pf pm	5.62	5¾-5¼ pm	5.75
Portugal	139.50-144.50	142.00-144.00	360-1210c dis	−65.45	690-2240dis	−40.84
Spain	197.50-199.20	198.15-198.45	81-110c dis	−5.78	300-360 dis	−6.66
Italy	2,148-2,163	2,150-2,152	14-18lire dis	−8.93	55-60 dis	−10.69
Norway	10.93-11.00	10.94-10.95	1¼-2¼ore dis	−1.85	6-7¼ dis	−2.42
France	10.57-10.64	10.58-10.59	2¾-4¾c dis	−4.25	20¼-24¾dis	−8.50
Sweden	11.39-11.44	11.41-11.42	¾-1¾ore dis	−1.12	¼-1¼ dis	−0.28
Japan	361-366	362½-363½	1.40-1.20y pm	4.30	4.40-4.20 pm	4.74
Austria	26.10-26.35	26.20-26.25	11¼-9¼gro pm	4.92	36¾-30¼ pm	5.07
Switz.	3.04½-3.07½	3.05-3.06	2¾-1¾c pm	8.35	6¾-6¼ pm	8.51

Belgian rate is for convertible francs. Financial franc 76.05-76.15. Six-month forward dollar 1.29-1.24c pm. 12-month 2.05-1.90c pm.

THE DOLLAR SPOT AND FORWARD

Jan 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5320-1.5420	1.5355-1.5365	0.28-0.23c pm	1.99	0.82-0.77 pm	2.07
Ireland†	1.3620-1.3680	1.3675-1.3690	0.93-0.83c pm	7.74	2.40-2.20 pm	6.74
Canada	1.2350-1.2365	1.2355-1.2365	0.12-0.15c dis	−1.31	0.34-0.37dis	−1.15
Nethlnd.	2.6715-2.6810	2.6715-2.6735	0.90-0.80c pm	3.81	2.82-2.72 pm	4.14
Belgium	47.65-47.80	47.65-47.67	13-15c dis	−3.52	47-51 dis	−4.11
Denmark	8.5525-8.5900	8.5525-8.5625	4½-5½ore dis	−7.01	15-16 dis	−7.24
W. Ger.	2.4285-2.4420	2.4305-2.4315	0.68-0.63pf pm	3.23	2.24-2.19 pm	3.64
Portugal	91.00-94.75	92.50-94.50	250-750c dis	−64.17	550-1450dis	−42.78
Spain	129.00-129.36	129.00-129.10	80-100c dis	−8.35	265-295 dis	−8.68
Italy	1,399-1,405	1,400-1,401	11-13lire dis	−10.25	42-45 dis	−12.38
Norway	7.1200-7.1350	7.1200-7.1300	1.90-2.90ore dis	−4.04	7.40-8.40dis	−4.43
France	6.8900-6.9150	6.8900-6.8950	3½-4c dis	−6.52	17½-18½dis	−10.43
Sweden	7.4100-7.4350	7.4100-7.4200	1.65-2.15ore dis	−3.07	3.80-4.30dis	−2.18
Japan	235.80-237.50	236.20-236.30	0.50-0.43y pm	2.36	1.62-1.52 pm	2.66
Austria	17.08½-17.12	17.08½-17.10½	4½-3½gro pm	2.89	14½-12 pm	3.10
Switz.	1.9820-1.9880	1.9870-1.9880	1.03-0.97c pm	6.04	3.18-3.11 pm	6.33

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.50-49.60.

EXCHANGE CROSS RATES

Jan. 28	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.536	3.738	363.0	10.585	3.055	4.108	2151.	1.888	73.20
U.S. Dollar	0.651	1.	2.433	236.3	6.891	1.989	2.674	1400.	1.894	47.65
Deutschemark	0.268	0.411	1.	97.12	2.832	0.817	1.099	575.5	0.532	19.59
Japanese Yen 1,000	2.755	4.231	10.30	1000.	29.16	8.416	11.32	5926.	5.477	201.7
French Franc 10	0.945	1.451	3.531	342.9	10.	2.886	3.880	2032.	1.878	69.15
Swiss Franc	0.327	0.503	1.223	118.8	3.465	1.	1.345	704.1	0.651	23.96
Dutch Guilder	0.243	0.374	0.910	88.37	2.577	0.744	1.	523.7	0.484	17.82
Italian Lira 1,000	0.465	0.714	1.738	168.8	4.921	1.420	1.910	1000.	0.924	34.03
Canadian Dollar	0.503	0.773	1.880	182.6	5.324	1.537	2.066	1082.	1.	36.82
Belgian Franc 100	1.366	2.098	5.106	495.9	14.46	4.173	5.611	2939.	2.716	100.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.56	90.62	90.50	90.55
June	90.19	90.22	90.15	90.17
Sept	89.90	89.90	89.86	89.84
Dec	89.71	89.71	89.65	89.65
March	89.49	89.42	89.42	89.42

Volume 1,123 (1,701)
Previous day's open int 3,291 (3,322)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	88.91	88.96	88.87	88.92
June	89.29	89.33	89.28	89.25
Sept	89.22	89.22	89.20	89.20
Sept	89.18	89.18	89.16	89.16

Volume 700 (744)
Previous day's open int 3,733 (2,889)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	98-24	98-25	98-01	98-04
June	98-17	98-18	98-11	97-28
Sept	98-07	98-09	98-07	97-17

Volume 974 (879)
Previous day's open int 2,190 (2,066)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −4 to 04 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5370	1.5380	1.5290	1.5360
June	1.5305	1.5305	1.5305	1.5290

Volume 178 (387)
Previous day's open int 972 (1,113)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4118	0.4123	0.4115	0.4115
June	0.4159	0.4170	0.4159	0.4154

Volume 19 (44)
Previous day's open int 245 (244)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.5048	0.5059	0.5045	0.5042
June	0.5130	0.5130	0.5130	0.5118

Volume 35 (92)
Previous day's open int 288 (261)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4238	0.4240	0.4230	0.4235
June	0.4270	0.4270	0.4270	0.4260

Volume 64 (87)
Previous day's open int 215 (217)

CHICAGO

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
March	90.28	90.36	90.27	90.35
June	89.88	89.96	89.89	89.91
Sept	89.58	89.64	89.58	89.60
Dec	89.38	89.42	89.37	89.41
Feb	—	—	—	—

STERLING (IMM) $ per £

	Close	High	Low	Prev
March	1.5330	1.5380	1.5310	1.5310
June	1.5270	1.5305	1.5245	1.5255
Sept	1.5230	1.5250	1.5200	1.5210
Dec	1.5195	1.5220	1.5155	1.5175
March	—	—	—	—
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	68-05	68-20	68-05	68-12
June	67-06	67-21	67-06	67-14
Sept	66-19	67-00	66-18	66-28
Dec	66-03	66-16	66-02	66-12
March	65-19	66-02	65-18	65-30
June	65-08	65-24	65-05	65-22
Sept	64-30	65-20	64-28	65-14
Dec	64-22	65-08	64-20	65-08
March	64-14	—	—	65-04
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

U.S. Treasury Bills (IMM) $1m points of 100%

	Close	High	Low	Prev
March	91.92	92.05	91.91	92.01
June	91.60	91.72	91.59	91.65
Sept	91.31	91.38	91.31	91.35
Dec	91.03	91.07	91.01	91.05
March	90.79	90.80	90.78	90.79
June	90.56	90.56	90.56	90.57
Dec	90.21	0	0	90.21

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Dec	89.96	89.98	89.94	89.94
Mar	90.91	90.97	90.88	90.93
June	90.45	90.52	90.42	90.47
Sep	90.15	90.21	90.13	90.16

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Mar	73-28	74-17	73-26	74-09
Jun	73-06	73-26	73-00	73-17
Sep	72-21	73-06	72-20	73-00
Dec	72-09	72-28	72-07	72-20
Mar	71-31	72-14	71-31	72-10
Jun	71-23	72-08	71-23	72-02
Sep	71-17	72-00	71-17	72-28
Dec	71-12	71-27	71-12	71-23
Mar	71-08	—	—	71-19
Jun	71-04	71-17	71-04	71-15

WEEKLY CHANGE IN WORLD INTEREST RATES

	Jan. 28	change		Jan. 28	change
LONDON			**NEW YORK**		
Base rates	11	Unch'd	Prime rates	11	Unch'd
7 day Interbank	11¼-11⅜	−¼	Federal funds	8⅛-8¾	+⅛
3 mth Interbank	11½-11⅝	+⅛	3 mth Treasury Bills	7.96	+0.04
Treasury Bill Tender	10.9566	+0.1586	6 Mth. Treasury Bills	8.05	+0.05
Band 1 Bills	11	Unch'd	3 Mth. CD	8.65	+0.35
Band 2 Bills	11	Unch'd	**FRANKFURT**		
Band 3 Bills	11	Unch'd	Lombard	6.00	Unch'd
3 Mth. Treasury Bills	11-11 1/16	+⅛	One Mth. Interbank	6.025	+0.05
1 Mth. Bank Bills	11 1/16	Unch'd	Three month	5.925	+0.075
3 Mth. Bank Bills	11 1/16	+ 1/16	**PARIS**		
TOKYO			Intervention Rate	12⅜	−⅛
One month Bills	6.90625	+0.5125	One Mth. Interbank	12⅝	− 1/16
Three month Bills	6.84375	Unch'd	Three month	12 11/16	Unch'd
BRUSSELS			**MILAN**		
One month	12 9/16	− 1/16	One month	18½	Unch'd
Three month	12 13/16	+ 1/16	Three month	19 1/16	Unch'd
AMSTERDAM			**DUBLIN**		
One month	5 1/16	Unch'd	One month	16¾	+⅜
Three month	5 1/16	Unch'd	Three month	16⅝	+⅝

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 11.

MONEY MARKETS

Watching the exchanges

Short-term interest rates rose at the beginning of last week as sterling lost ground to the dollar on the foreign exchanges. Previous indications that the authorities do not wish to see a rise in clearing bank base rates in the near future kept the seven-day interbank rate steady at 11⅜ per cent on Monday, and this stability in the very short end of the market was underlined when the Bank of England supplied assistance of £890m on a forecast shortage of £800m. On the same day three-month money rose to 11⅝ per cent from 11 7/16 per cent, and 12-month to 11 21/32 per cent from 11 15/32 per cent.

The situation on Tuesday was little different, as the pound fell to another record closing low against the dollar, despite recovering from an all time low of $1.5170 in the early morning. The authorities continued to keep the money market well supplied with liquidity, giving help of £187m on an estimated shortage of £150m. Overnight money fell away to finish at 1-2 per cent, after falling to 5-7 per cent on Monday afternoon. Seven-day funds eased to 11 7/16 per cent as the Bank of England continued to supply the money market at an unchanged dealing rate of 11 per cent. But three-month and 12-month money rose to 11¾ per cent as nervousness continued about interest rate trends.

By Wednesday the spotlight had moved away from sterling, and the currency tended to trade nervously within a narrow range for the rest of the week, but falling to another record closing low of $1.5360 against the dollar on Friday.

In quiet trading seven-day rates finished the week steady at 11 7/16 per cent, but longer term rates eased, with three-month declining to 11 9/16 per cent, and 12-month to 11⅝ per cent.

The market will continue to watch the foreign exchanges for any sign of further sterling weakness, but for the time being seems to accept the official line that the pound's latest fall is largely a result of a sudden surge in the dollar. Although there are several factors behind the dollar's recovery, these may not be very strong or permanent, and the authorities are obviously hoping that the U.S. currency will soon fall from favour once again.

LONDON MONEY RATES

Jan. 28 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9-11⅛	—	—	—	11¼-11⅝	10-11⅛	—	—	—
2 days notice	—	—	11⅛-11¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅝-11⅝	—	—	—	—
7 days notice	—	11¼-11½	11⅛-11⅜	—	—	11⅝	11-11⅛	—	—	—
One month	11 7/16-11 7/16	11⅛-11⅝	11⅜-11½	12⅛-11⅞	11¾	11½-11¾	11	11 1/32-11⅛	11 1/16	11 11/16
Two months	11 7/16-11 7/16	11½-11⅝	11⅜-11½	12-11¾	11¾	11⅞	11	11 1/32-11⅛	11 1/16	11 11/16
Three months	11 7/16-11 11/16	11½-11⅝	11⅝	11⅞-11⅝	11¾	—	11	11-11 1/16	11 1/16	11 11/16
Six months	11¼-11 7/16	11⅜-11½	11 7/16-11⅝	11⅛-10¾	11⅝	—	—	—	10¾-10 25/32	11⅝
Nine months	11¼-11 7/16	11 5/16-11 9/16	—	11¾-11⅜	11⅝	—	—	—	—	—
One year	11¼-11 7/16	11 7/16-11 7/16	11¼-11 7/16	11½-11¼	—	—	—	—	—	—
Two years	—	—	11⅜-11½	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive) 10.833 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11½-11⅝ per cent four years 11¾ per cent five years 11¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11 1/16 per cent; four months trade bills 11 11/16 per cent.

Approximate selling rate for one month Treasury bills 11 per cent; two months 11 per cent and three months 10 15/16-11 per cent. Approximate selling rate for one month bank bills 11-11 1-64th per cent; two months 11-11 1-64th per cent and three months 11-11 1-64th per cent; trade bills 11 7/16 per cent; two months 11 7/16 per cent and three months 11 7/16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.9566 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11½ per cent; one-three-month 11½ per cent; three-12-month 11½ per cent. Under £100,000 11¼ per cent from January 28. Deposits held under Series 3-5 11⅛ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 28	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11⅛-11⅝	11¼-11½	11½-11⅝	11½-11⅝	11⅜-11½	11 9/16-11 11/16
U.S. Dollar	8⅝-8⅞	8¾-9	8 13/16-9 1/16	9⅛-9⅜	9 5/16-9 9/16	9 11/16-9 15/16
Can. Dollar	9¾-10¼	10-10½	10⅛-10⅝	10 3/16-10 9/16	10⅜-10⅝	10⅜-10⅝
D. Guilder	4⅞-5	5-5⅛	5-5⅛	5 3/16-5 5/16	5⅛-5¼	5⅛-5½
S. Franc	29-32	1¼-1½	2 1/16-2 5/16	2¾-2⅞	3 3/16-3 7/16	3 7/16-3 11/16
Deutschm'rk	6⅝-6¾	5⅝-5¾	5⅝-5¾	5⅝-5¾	5 11/16-5 13/16	5 11/16-5 13/16
Fr'nch Franc	12½-13	13-14	15½-16¼	19½-20¼	19½-20¼	18-18¾
Italian Lira	10½-13½	17½-19½	20-22	21⅞-23	22⅜-23⅛	22⅜-23⅜
Belg. Franc Conv.	11¼-12¼	12-13	12-13	13-13¾	13⅛-14¼	12½-13¼
Fin.	11¾-12¾	12⅛-12⅝	12⅛-12⅞	12¼-12½	12¼-12½	12¼-12½
Yen	6¾-6⅞	6 7/16-6¾	6 9/16-6 11/16	6 9/16-6 11/16	6 9/16-6 11/16	6⅝-6¾
D. Krone	18-18½	17⅝-17⅞	18¼-18¾	18⅝-18⅞	18⅝-18⅞	17⅞-18⅝
Asia $ (Sing.)	8 13/16-8 15/16	8⅞-9	9⅛-9¼	9 5/16-9 7/16	9 7/16-9 9/16	9¾-9⅞

FT LONDON INTERBANK FIXING

(11.00 a.m. JANUARY 28)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 1/4	offer 9 3/8	bid 9 9/16	offer 9 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8¼-8¾
Treasury bills (13-week)	7.96
Treasury bills (26-week)	8.05

GERMANY

Lombard	6.0
Overnight rate	6.0
One month	6.025
Three months	5.925
Six months	5.825

FRANCE

Intervention rate	12.375
Overnight rate	12.50
One month	12.625
Three months	12.6875
Six months	12.4375

JAPAN

Discount rate	5.5
Call (unconditional)	6.78125
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	½-1¼
One month	2 5/16-2 7/16
Three months	2⅝-2⅞

NETHERLANDS

Discount rate	4½
Overnight rate	4¾-5
One month	5-5⅛
Three months	5-5⅛
Six months	5⅛-5¼

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.80-8.90
Six months	9.00-9.10
One year	9.35-9.55

LONG TERM EURO $

Two years	10⅞-11
Three years	11⅛-11⅜
Four years	11⅝-11⅞
Five years	11¾-12

SDR LINKED DEPOSITS

One month	8 13/16-9 3/16
Three months	9¼-9⅝
Six months	9⅜-9¾
One year	9½-9⅞

ECU LINKED DEPOSITS

One month	9⅞-10¾
Three months	11-11⅜
Six months	11 5/16-11 7/16
One year	10⅞-11⅜

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Offshore and Overseas—continued

[illegible]

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UK COMPANY NEWS

Agreement near on UDS sale to Burton

By Domonic Lawson

AGREEMENT between United Drapery Stores and the Burton Group over the valuation of UDS's Richard Shops and John Collier chains is imminent. The deal with Burton is an integral part of the UDS defence to the £191m takeover bid by Bassishaw Investments.

Sir Robert Clark, chairman of UDS said yesterday "the final price depends on what properties are included in the package. We expect to reach an agreed price in the next two to three days." It is believed that the price range under discussion is between £75m and £85m.

Sir Robert was at pains to distance himself from comment that an increased 120p per share offer from Bassishaw would be acceptable. The current offer from Bassishaw values the whole of UDS at 100p per share. "I have never said that 120p was the right price. There is a magic figure — but I am not going to say what that is," said Sir Robert.

The Bassishaw offer closes on February 17. Sir Robert said yesterday that the UDS defence document would be released along with the unaudited UDS results for the year to January 31 "within the next ten days."

No growth yet at Borthwick

THE CURRENT year at international meat trader, Thomas Borthwick and Sons, had started off close to budgeted expectations, with the first quarter considerably more encouraging than last year and in profit, Mr R. C. Wheeler-Bennett, the chairman, told the annual meeting.

He reiterated however what he said in the annual report that conditions for growth did not yet exist in the red meat industry. Profit improvement had to come from efficiencies and savings, many of which had still to emerge.

For the 12 months ended October 3, 1982, the group made a pre-tax profit of £358,000, compared with a loss of £1.49m previously. The progress shown in the first six months was maintained through the second half of the year.

Mr Wheeler-Bennett told members he has unable to report any relief from the drought in main cattle producing areas of Australia. This continued seriously to affect the rural industry in the East and a recovery of herd numbers when eventually the drought broke could only be slow. Meanwhile the group's abattoirs, due to the drought, were for the time being getting higher than budgeted numbers of sheep and cattle with consequent improved returns.

New Zealand's lamb marketing problem was a long term one and there was little new to report on that, the chairman stated. Promotional efforts to help sell off the carry forward stock of last year's lamb had had some success, while the new season in the group's freezing works had got away to a reasonable start.

The group's butchers shops has a satisfactory first quarter. But Mr Wheeler-Bennett said there was little new in the British and French economies that led one to foresee sustained personal spending in either country, so the position should continue to be viewed with caution.

The UK manufacturing operations were on course although Midland Cattle Products continued to give some concern with its trading; this time more from continuing low prices for tallow and bone meal, rather than raw material supplies which was the problem last year.

The chairman pointed out that the continued weakness of sterling would have more than reversed the reported drop in group reserves when overseas net assets were notionally converted to sterling.

Coal lifts Renwick profit

FOR THE six months ended October 2 1982, pre-tax profits of the Renwick Group have advanced from £346,000 to £766,000, principally due to profits from international coal trading which started in the second half of 1981-82.

This improvement will carry through to the year end. The directors are expecting the second half to show a loss similar to the £452,000 incurred in the same period of 1981-82, in which case there would be an overall profit of some £300,000 in the current year, compared to a loss of £106,000.

Mr C. W. Wilton, chairman, stresses that opportunities to trade profitably in coal are difficult to predict and there is no certainty that this level of income will be generated consistently in future. The additional turnover from coal more than offset the decline in total sales arising from the discontinuance of certain activities last year.

Renwicks Travel is expected to go into loss for the full year. In the peak trading months its profits were reduced substantially, and the normal seasonal erosion of profits in the second half will be aggravated this year by the cost of opening several new branches.

Mr Wilton says results from boat building (Princess motor cruisers and Moody and Sigma yachts) show a degree of improvement which it is hoped can be maintained.

Turnover in the half year rose from £33.97m to £39.14m. Net profit came out at £718,000 (£306,000). Renwick's ultimate parent company is Kangra Holdings (Pty) of South Africa.

Mardon in packaging merger

Mardon Packaging, a wholly-owned subsidiary of BAT, and Regis International, a subsidiary of St Regis Paper of the U.S., have announced agreement in principle for the merger of certain of their UK businesses related to the corrugated case market.

A new company, St Regis Packagaing, will be formed, owned 80 per cent by St Regis, and 20 per cent by Mardon Packaging.

The merger is expected to take place in mid-February and the new company will have an estimated annual turnover of £80m, and will have about 11 per cent of the UK corrugated case market.

Mardon chairman, Mr John Cornish, said yesterday: "Discussions have been in progress since October. The manufacturing parts of the new group fit well together, and there is very little customer overlap."

FT Share Information

The following securities have been added to the Share Information Service:

Micro Business Systems (Section: Electricals). Moray Firth Exploration (Oil and Gas). Tesco Stores 9pcCnvUnsLn 2002-07 (Foods).

Pitman omits pref. dividend

The directors of Pitman have decided to pass the half yearly dividend due on January 31 in respect of the 10 per cent cumulative preference shares.

They believe it is important to preserve resources until trading performance further improves.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meteings are usually held for the purpose of considering dividends. Official indicators are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Hillards, Peerless, Textured Jersey, Vibroplant.

Finals—Allied Textile, Bullough, Hayters, TVS.

FUTURE DATES

Interims—

Amstrad Consumer Electronics	Feb 8
McKay Securities	Feb 3
Webb (Joseph)	Feb 16

Finals—

Birmid Qualcast	Feb 17
Securicor	Feb 9
Security Services	Feb 9

APPOINTMENTS

President for Petroleum Industry Association

UK PETROLEUM INDUSTRY ASSOCIATION has elected Mr I. R. Walker (BP Oil) as its president. Mr J. C. Lowein (Mobil) and Mr P. G. Hall (Esso) are vice-presidents and Mr P. Jungels (Petrofina) is treasurer. All are chief executives of their respective companies.

★

Mr A. Salem has been appointed group financial director and company secretary of LIBERTY and its subsidiaries. He was with Allders Department Stores as group financial director.

Mr Bill Colman has been appointed group managing director of STATIC SYSTEMS GROUP, Wolverhampton. He was a chief executive with the Delta Group.

★

Mr Martin Bennett, Harlech Television's provincial sales and marketing manager is to take over as managing director at MARCHER SOUND, independent local radio station for Cheshire and Clwyd.

★

Ferro Corp. has appointed Mr Terry G. Mackriel as managing director of its UK operation, FERRO (GREAT BRITAIN). He joined the company in 1954.

★

Mr W. A. (Bill) Simpson intends to retire from the board of GEORGE WIMPEY on March 31.

★

Mr Malachi Doyle has been appointed managing director of the ADVERTISING MEDIA REPRESENTATION AGENCY, part of the Reed Regional Publishing Group.

★

CITIBANK SAVINGS, consumer banking subsidiary of Citibank in the UK, has promoted Mr Ray Eccles (personnel director) and Mr Tony Lee (finance director), to the main board and Mr David Lambert, currently financial controller, has been appointed company secretary.

★

Mr Tom Patterson has been appointed finance director of DEREK CROUCH (CONTRACTORS). He was management accountant for the opencast mining company until 1979 when he became financial controller. He will retain these responsibilities. Mr Roderick Ellison has been appointed company secretary of Derek Crouch (Contractors) which he joined in 1953. He is replaced as company secretary of two construction companies in the group by Mr Ian George, who was group management accountant for Derek Crouch in Peterborough, and also company secretary for Sokenwick, and Amblewick Property Company.

★

Mr C. E. Davies has been appointed to the board of DOWTY SEALS as manufacturing director. He joined the Dowty Group in 1974 and has been executive director—manufacturing since 1981.

★

SALE TILNEY has elected Mr A. C. Brown a non-executive director. He is chairman and managing director of Spirax-Sarco Engineering and deputy chairman of Turriff Corporation.

★

At BRITANNIC ASSURANCE Mr N. F. Carroll, who has been non-executive vice-chairman since 1979, when he retired from his appointment as general manager, will be retiring from the board on May 6.

★

Mr Bernard Smartt has retired as managing director of TUNNEL REFINERIES. He is succeeded by Mr Julien Faubert, who joined the company 10 years ago.

★

Mr R. S. Whytock has been appointed a director of CUNDELL CARTONS, a Mardon Packaging International company.

★

Mr John Bartington, managing director of the Architects and Professional Indemnity Agencies has been appointed to the board of LOWNDES LAMBERT GROUP.

★

Mr David R. Atkinson has been appointed deputy chairman of the south eastern region of BRITISH GAS from March 1. He has been director of finance of the East Midlands region since 1977.

★

Mr Tony Savake has been appointed chairman of BIX INTERNATIONAL. He was deputy group chief executive.

★

Mr K. E. Maddocks, chairman of BILLITON (UK) will be retiring early because of ill health. Mr Brian Reynolds, presently head of Billiton International Metal's tin, nickel and special metals division will be proposed to the shareholders of Billiton (UK) for election as a director and for appointment to succeed Mr Maddocks as chairman and managing director of that company from February 1.

★

Mr Terry Griffiths has joined the board of HITECH FILTER as managing director responsible for world-wide sales of Hitech's professional photographic filter system. Production of the system, using a secret "dyed in the mass" process for colouring CR30 monomer, has been underway for two months. Mr Griffiths was formerly with the Nimslo 3D venture.

★

Mr K. H. Williams will retire on June 30 as chief executive and director of the NORWICH WINTERTHUR GROUP. He will be succeeded by Mr G. C. Larn, at present deputy chief executive and director. Mr Williams will continue as a non-executive director of the Norwich Winterthur Reinsurance Corporation and be appointed deputy chairman.

★

Education Secretary, Sir Keith Joseph, has made three appointments, each for five years, to the UNIVERSITY GRANTS COMMITTEE. Two, from January 1, are Professor John Cannon, professor of history at the University of Newcastle upon Tyne, and Mr William Semple, director of education, Lothian Regional Council. The third, from July 1, is Sir Peter Baxendel, chairman of the Shell Transport and Trading Company and chairman of the committee of managing directors of Royal Dutch/Shell group of companies. Professor Peter Bromley, professor of law at the University of Manchester, has been reappointed for a further five years from January 1.

★

Mr Keith G. Simon, managing director of the HAT Group's plastering division, Bristol, has been elected president of the NATIONAL FEDERATION OF PLASTERING CONTRACTORS for 1983-84. Senior vice-president is Mr V. (Vincent) M. Hall, senior partner of Hall and Mann, Leicester, and junior vice-president is Mr (John) E. Talbot, chairman and managing director of Jonathan James, Rainham.

★

Dr Cyril Hilsum, currently a chief scientific officer at the Ministry of Defence's Royal Signals and Radar Establishment at Malvern, is joining THE GENERAL ELECTRIC COMPANY as chief scientist, GEC Research Laboratories. He will be based at the Hirst Research Centre.

★

Two directors have been appointed to the board of BRIGGS AMASCO, a subsidiary of the Tarmac Group. Both men, technical director Mr Francis March and sales and marketing director Mr Horace Heaton, are based at the company's head office in Dorking.

★

BRITISH CREDIT TRUST, UK instalment credit arm of the Bank of Ireland Group, has appointed Mr J. Brian Davies its managing director. He was director of corporate finance for Lloyds and Scottish.

★

The OXFORD INSTRUMENTS GROUP has appointed Dr Peter Williams as executive director of its analytical division. Dr Williams is responsible for Oxford Research Systems and Oxford Analytical Instruments. Dr Williams comes to the Oxford Instruments Group from Manchester, where he was deputy managing director of VG Instruments, in charge of the mass spectrometry division.

★

Mr George McKenzie has joined the gilt-edged department of FIELDING, NEWSON-SMITH AND CO, stockbrokers, as a consultant with responsibilities in the building societies investment services section.

★

Mr Field Walton, director of Temple Bar Investment Trust, has joined the board of ELECO HOLDINGS.

★

Mr Charles F. M. Rawlinson will resign from the JEFFERSON SMURFIT GROUP board today. His decision, which follows his recent appointment as joint deputy chairman of Morgan Grenfell, has been made owing to increased responsibilities and pressure of business. He is chairman of Associated Paper Industries and a director of Willis Faber.

★

Mr David J. Nicoll has been named managing director of PROCON (GREAT BRITAIN), the London-based unit of Procon International.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§108	F.P.	13/1	200	140	✻Baltic Leasing 5p	200	+5	b2.8	3.5	2.0	15.8
‖‖	F.P.	—	16	12	✻Booth (Charles) 5p	16	......	—	—	—	—
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105	......	—	—	—	—
§215	100p	22/4	84	48	Britoil 10p	49	+1	b9.9	1.8	9.6	9.1
§74	F.P.	21/1	158	103	✻Canvermoor	150	−5	b5.64	2.0	3.5	17.0
55	F.P.	7/1	133	98	✻GarfunkelsRest.10p	111	−1	b1.86	3.2	2.4	14.5
§17	F.P.	21/1	35	24	✻Inn Leisure 5p	35	+1	ud.48	3.7	1.7	17.5
§130	F.P.	14/1	190	156	✻Memory Comp Ir18p	185	+7	bQ28.8%	5.5	1.3	20.1
§190	F.P.	—	388	330	✻Microgen	355	−8	b4.0	2.9	1.6	35.3
§155	F.P.	7/1	255	200	✻Munford & White	230	−5	b2.6	2.4	1.6	38.4
‖	F.P.	—	177	149	✻NMW Computers	158	−2	b3.0	2.8	2.7	16.7
§93	F.P.	4/2	198	145	✻Resource Tech.10p	177	+2	—	—	—	34.0
§62½	F.P.	21/12	150	102	✻SlatersFoodPrds10p	137	......	b2.0	3.6	2.1	14.4
§120	F.P.	—	125	105	✻Swindon Priv Hos£1	105	−1	—	—	—	—
§101½	F.P.	—	52	16	✻Tops Estates 10p	52	+7	—	—	—	—
§80	F.P.	—	87	55	††Voyager Pet. (UK)	55	......	—	—	—	—
§160	F.P.	—	340	265	✻WightCollinsR-S10p	290	−5	bd2.75	3.3	1.4	32.4
—	F.P.	—	25	23	Yorks & Lancs.W'rrnts	25	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
¶¶	F.P.	—	108	102	AMEC 15% Uns. Ln. 1992	105½	+½
**	F.P.	—	90	90	Anglo-Nordic 10% Cnv. Uns. Ln. 1989	90	......
97.504	£25	4/3	29⅛	15¾	BOC 12¼% Uns. Ln. 2012-17	16¾	+½
99.431	£20	10/4	21⅞	12¼	Birmingham 11½% Red. 2012	12¾	+½
96.674	£25	29/4	26¼	23	Bishopsgate Tst. 7-17% Stpd Deb 2023	23¼	......
¶	£10	—	11¼	11	East Surrey Water 7% Red. Pref. 1988	11	−¼
¶¶	F.P.	—	130	86	European Inv. Bk. 11% Ln. 2002	86¾	+¼
¶¶	F.P.	—	36p	30p	Jessel Toynbee 5.75% Red Cum. Pref.	35p	......
99.799	£25	31/5	25½	22	London Shop 12.5% 1st Mt. Deb. 2018-20	23½	−½
—	—	—	99	99	Nationwide Bdg. Soc. 11½% Bds. 25/1/84	99	......
99.13	£25	31/5	24¾	20	NatWest 12½% Sub. ord Uns Ln. 2004	21¼	+½
§97.174	£25		24¼	22	Pearson (S) 15% Uns. Ln. 2007	23	......
§99.793	£30	25/2	30¾	26½	Scottish Eastern Inv. Tst 12% Deb. 2012	27½	......
96.55	£25	8/7	25⅝	23½	Sweden 13½% Ln. Stk. 2010	23½	......
¶¶	F.P.	18/2	90	85	Transcont. 9% Cnv.Ret.Uns.Ln.Nts.1995	88	......

"RIGHTS" OFFERS

Issue price	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
26	F.P.	28/1	18/2	214	94	Arlen Elec.	212	+2
90	F.P.	26/1	18/2	116	108	Bellway	116	+1
50	Nil	8/2	9/3	6pm	2pm	Cluff Oil 'B'	2pm	......
60	F.P.	14/1	11/2	76	65	ICL	76	+2
46	Nil	—	—	9pm	5pm	LCP	9pm	+1½
93	Nil	7/2	21/3	24pm	13pm	NSS News 10p	13pm	−2
56	Nil	3/2	29/4	5pm	3pm	Stakis 10p	5pm	......
470	F.P.	11/1	11/2	595	523	Wolseley-Hughes	560	......

Renunciation date usually last day for dealing free of stamp duty. Fr French France. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress. M Dividend and yield based on prospectus or other official estimates for 1983-84.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
AAH	Mar 8	Interim 2.1	HME	Feb 24	Interim 2.5
Anglo Amer. Gold	Mar 11	Final 500c	Hongkong and Shanghai Bk.	Mar 9	Final HK$0.44
Ault and Wiborg	Mar 5	Final 0.75	Hoover	Feb 24	Final 2.0
BTR	Mar 8	Final 4.5	*ICI	Feb 24	Sec. int. 10.0
*Bank Leumi UK	Feb 9	Final 7.0	*Imperial Gp.	Feb 10	Final 4.5
Barclays Bank	Mar 1	Final 11.5	*Lloyds Bank	Feb 18	Final 12.75
Bath and Portland	Feb 17	Final 2.5	Lonrho	Feb 11	Final 6.0
*Birmid Qualcast	Feb 17	Final 1.4	Lonsdale Universal	Feb 4	Final 0.5
Blagden Inds.	Mar 1	Sec. int. 3.0	Marchwiel	Feb 23	Final 4.2
British Vita	Mar 8	Final 1.7	NatWest	Feb 23	Final 15.575
Cadbury Schweppes	Mar 11	Final 3.3	Notts. Manuf.	Feb 22	Final 3.4
*Commercial Union	Feb 22	Final 6.95	Plessey	Feb 25	Interim 3.542
Consolidated Plantations	Feb 16	Interim 7 sen.	Ransomes Sims and Jefferies	Mar 4	Final 8.0
Dalgety	Feb 16	Interim 11.0	Rentokil	Mar 4	Final 1.8
De Beers Cons.	Mar 9	Final 25c	Royal Insce.	Mar 1	Final 15.5
*Fisons	Mar 1	Final 6.0	*Securicor	Feb 9	Final 1.23
General Accident	Mar 3	Final 8.75	Shell Transport	Mar 11	Final 11.9
General Mining	Mar 4	Final 120c	Sime Darby	Feb 18	Interim 4 sen.
*Gold Fields SA	Feb 1	Interim 165c	Stand. Tel. and Cable	Mar 12	Final 9.0
			TI	Mar 9	Final 5.0
			Ultramar	Mar 3	Final 6.0
			Unilever	Mar 2	Final Fl 4.56
			United Biscuits	Mar 11	Final 3.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

CONTRACTS AND TENDERS

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

BOARD MEETINGS—
Finals:
Allied Textile
Bullough
Hayters
TVS

Interims:
Hillards
Peerless
Textured Jersey
Vibroplant

DIVIDEND & INTEREST PAYMENTS—
Airflow Streamlines 10pcPf 5p
Aitken Hume 10pcLn 1990-91 5pc
Allebone Sons 7pcLn 1994-99 3½pc
Alliance Property 9½pcDb 1992-97 4¾pc
Alliance Trust 5¼pcDb 1980-85 2⅝pc
Andersen, Strathclyde 2p
Assoc Fisheries 8½pcLn 1991-96 4¼pc
Assoc Tooling Inds 2p
Attwoods 2p
Banco De Chile Fltg Rate Nts $74.84
Barclays Overseas Inv BV Gold Fltg Rate Nts 1995 $374.18
Beattie (James) 6pcPf 2.1p
Bentalls 5½pcPf 1.925p
Bishopsgate Trust 5pcPf 1.75p
Black (Michael) 0.5p
British Car Auction 2.6p
British Dredging 8pcLn 4pc
British Petroleum 8pc1stPf 2.8p. 9pc2nd Pf 3.15p
Brixton Estate 6pc1stMtgDeb 1983-88 3pc
Campbell Soup 35cts
Central Manufacturing and Trading Group 8pcLn 1983-88 4pc
Chase Manhattan Overseas Bank Corp Fltg Rate Notes 1993 $74.19
Combined English Stores Group 7¾pcPf 2.7125p
Cook and Watts 9½pcLn 1987-92 4¾pc
Cooper (F.) (Hldgs.) 1.05p
Croda Chemicals International 8pcPf 2.8p
Crystalate 8pcPf 2.8p
Davies and Newman 3p
Decca 6pcLn 1980-85 3pc
Dewhirst (I. J.) (Hldgs.) 9.75pcPf 4.875p
Drayton Japan Trust 4pcPf 1.4p. 3pcDb 1983 1½pc. 4pcDb 1983 2pc. 4½pcDb 1983 2¼pc. 4½pcDb 1983 2¼pc. 5pcDb 1983 2½pc
Electra Investment Trust 1.54p
English and Scottish Investors 5pcDb 1982-1989 2½pc. 4pcDb 1982-89 2pc. 6½pcDb 1985-89 3¼pc
Essex Water 2.45pc (Fmly 3½pc) PerpPf 1.225p. 3.5pc (Fmly 5pc) Pf 1.75p. 3.85pc (Fmly 5½pc) Pf 1981-83 1.925p. 4.2pc (Fmly 6pc) Pf 1984-86 2.1p. 4.025pc (Fmly 5¾pc) Pf 1986-88 2.0125p
Fleming Japanese Inv Trust 5pcCum 1.75p. 4½pcDb 1985-90 2¼pc
Fleming Mercantile Inv Trust 4½pcCnvDb 1983 2¼pc
Fobel International 8pcLn 1988-93 4pc
Foseco Minsep 8¼pcCnvRedCum2ndPf 4.125p
Do. 10pcLn 1990-95 5pc
Gale Lister 10pcLn 1987-92 5pc
Garnar Booth 9pcLn 1985 4½pc
Gillett Bros Discount 3½pcPf 1.225p
Grant (James) (East) 10¾pc1stPf 5.375p
Guildhall Property 6¾pc1stDb 1990-95 3⅜pc
Hambros Investment Trust 6¼pcDb 1981-1986 3⅛pc
Hardanger Properties 7p
Hartley Industrial Trust 0.7p
Hartwells Group 1.4p
Helme (H. J.) 5½pcDb 1976-85 2¾pc. 6pcDb 1975-84 3pc
House of Fraser 4½pcPf 1.575p. 5½pcPf 1.925p. 7½pcPf 2.625p. 8pcLn 1993-98 3pc. 8¼pcLn 1993-98 4⅛pc
Hudson's Bay 7.3746p
Hunslet (Hldgs) 6½pcDb 1978-83 3¼pc
Iceland (Republic of) 14½pcLn 2016 7¼pc
Intasun Leisure Group 1.4p
"Investing in Success" Equities 5¼pcDb 1980-85 2⅝pc
Jenks Cattell 10pcPf 5p
Kalamazoo 8½pcLn 1987 4¼pc
Kleen-E-Ze Hldgs 1p
Lake Elliot 6pcPf 2.1p
Lewis (John) Properties 8¼pcDb 1992-97 4⅛pc 10pcDb 1991-96 5pc
Liberty 6pcPf 2.1p. 9.5pcPf 4.75p. 7pc 1stDb 1981-86 3½pc
Linread 8pcLn 1987-92 4pc
London Lomond Investment Trust 4¼pcPf 1.4875p. 5¼pcPf 1.8375p
Lowe's Companies 13cts
[illegible]
Whites (Timothy) 8pcLn 1986-91 4pc
Wolseley-Hughes 1029p. 5pcPf 1968-88 2.1p. 7pcDb 1986-91 3½pc
Wolseley-Hughes 10pcDb 1990-95 5pc

TOMORROW

COMPANY MEETINGS
McCorquodale, Institute of Directors, 116 Pall Mall, SW, 3.00

BOARD MEETINGS—
Finals:
Associated Fisheries
I.D.C.
Kellock Trust
Prestige

Interims:
Cowan, De Groot
Gold Fields of South Africa
Unitech
Zetters

DIVIDEND & INTEREST PAYMENTS—
Alliance Investment 6pcDb 1985-90 3pc
Allied London Props 10pcPf 5p
American Natural Resources 75cts
American Tst 5pcPf 1.75p
Aquascutum Gp 7½pcPf 2.625p
Atlantic Assets Tst 5pcPf 1.75p
BBA Gp 5pcPf 1.75p
Beecham Gp 4.1p
Border Southern Stockholders Tst 5pcPf 1.75p
British Columbia Electric 4¾pcBds (Br) 4¾pc. 4¾pcBds (due 1/8/86) 4¾pc
British Indust Gen Inv Tst 5pcPf 1.75p
Burma Mines 0.5p
Caledonia Inv 6pcDb 1980-85 3pc
Citicorp 43cts
City Investing 42.5cts. $2Pf 50cts
Consolidated 4pcLn 2pc
Continental Indus Tst 4p
Continental Illinois Corp 50cts
Dalgety 4.85pcPf 2.425p
Daniel Sons Breweries 4½pc1stDb 2¼pc
Debenhams 6½pcAPf 2.275p. 7pcBPf 1.225p
Dover Harbour Board 4¾pc2ndDb 1978-93 2⅜pc
Drayton Consolidated Tst 4½pcDb 2¼pc
Dunlop Textiles 6½pcPf 2.275p
Edinburgh American Assets Tst 4½pcPf 1.575p
Electrical General Inv 7¼pcDb 1987-91 3⅝pc
First Scottish American Tst 3½pcPf 1.75p. 5pcLn 1992-97 2½pc
Fleming Mercantile Inv Tst 5pcPf 1.75p. 4pcPf 1.4p
Foreign Col Inv Tst 5pcDb 1985-90 2½pc. 6¾pcDb 1987-92 3⅜pc
Great Ouse Water Auth 5¾pcStk 1986-88 2⅞pc
Greece (Kingdom of) 6pcBds 1928 (Assd) 3pc. 6pcBds 1928 Fdg Bds 1965 3pc
Hawker Siddeley Gp 5½pcPf 1.925p
Hepworth (J.) Son 6pcPf 2.1p. 7pcAPf 2.45p. 10pcBPf 1.75p
Hertfordshire County Council 6½pcRed 1985-87 3¼pc
Imperial Chem Indus 5pcPf 1.75p. 5½pc Ln 1994-2004 2¾pc
Jamaica Public Serv 6¾pc1stDb 3⅜pc
Jenners Princes St Edinburgh 10pcPf 5p
Johnson Matthey 3p
Laird Group 6¼pcDb 1981-86 3⅛pc
Law Debenture Corp 3.85pcPf 1.925p
Lewis (John) 5pc1stPf 1.75p. 7pcPf 2.45p
Lewis (John) Props 4pcDb 1971-85 2pc
Manchester Corp 1891 3pc 1941 1½pc
Merchants Tst 4½pcPf 1.575p
Metropolitan Water New River 3pcDb 1½pc
Mitchell Somers 1.5p
Newcastle Gateshead Water 4pcDb 2pc. 5½pcDb 2¾pc. 8pcDb 1992-94 4pc. 10pc Db 1992-94 5pc. 13pcDb 1984 6½pc
North East Lincolnshire Water 8d 6½pc Red 1982-83 3¼pc
Outwich Inv Tst 10pcPf 5p. 3.5pcPf 1.75p. 4.2pcPf 2.1p. 5.425pcPf 2.7125p. 4½pc Db 1979-84 2¼pc. 5½pcDb 1985-90 2¾pc. 6½pcDb 1985-90 3¼pc
Quebec Central Railway 1stDb 2pc
Scottish Agric Sec Corp 14pcDb 1993 £98.00
Scottish Utd Invest 5pcPf 1.75p
Shell Transport Trading 7pc2ndPf 2.45p
Sidroy 7½pcPf 1981-86 2.625p
Slough Ests 7½pc1stDb 1985-90 3¾pc
Standard Tst 4¾pcDb 1980-85 2⅜pc
TR Indust Gen Tst 5½pcDb 1982-87 2¾pc
Tiger Oats Nat Milling 5½pcPf 5½pc
Union Internatl 10pcAPf 3.5p
United States Debenture Corp 3.85pcPf 1.925p. 4pcDb 2pc. 4½pc2ndDb 2¼pc. 4½pc3rdDb 1979-84 2¼pc
Watson (R. Kelvin) 1.5p
Westpool Inv Tst 5pcDb 1985-90 2½pc. 5½pcDb 1983-88 2¾pc
Whitbread 4½pc2ndPf 1.575p
Whitbread Inv 6½pcDb 1987-92 3¼pc
Whitecroft 1.65p. 4.1pcPf 2.05p
Witan Inv 1.05p. 2.7pcPf 1.35p. 6¾pc Db 1990-95 3⅜pc
Young Co Brewery 4.2pcPf 2.1p. 9pcPf 4.5p

WEDNESDAY FEBRUARY 2

COMPANY MEETINGS—
Chemring, Alchem Works, Fratton Trading Estate, Portsmouth, 2.00
Keystone Inv, 30, Gresham Street, E.C., 2.30

BOARD MEETINGS—
Finals:
Brooke Tool Engineering
Fleming American Inv Tst
Westminster Property

Interims:
Parkfield Foundries
TR City of London Trust
Wellman

DIVIDEND & INTEREST PAYMENTS—
American Medical Intnl. Inc. 16cts
Brasway 1p
Bristol Evening Post 4p
Huntingdon & Pet. County Ccl. 9½pc 1981-83 4¾pc
McCorquodale 5.75p
Monks Inv. Tst. 1.1p
TR Trustees Corp. 1.1p

THURSDAY FEBRUARY 3

COMPANY MEETINGS—
AE, Savoy Hotel, Strand, W.C., 12.00
Akroyd & Smithers, Austin Friars House, 2-6, Austin Friars, E.C., 12.30
Brockhouse, Victoria Works, Hill Top, West Bromwich, 3.00
Brown (Matthew), Trafalgar Hotel, Five Barred Gate, Samlesbury, 12.00
Fairline Boats, Saxon Inn, Peterborough, 3.00
Vaux Breweries, Seaburn Hotel, Sunderland, 12.00

BOARD MEETINGS—
Finals:
Blundell-Permoglaze

Interims:
Christie-Tyler
Kinta Kellas Rubber Estates
McKay Securities
Malaysia Rubber
Munton Brothers
Ransom (Wm.)

DIVIDEND & INTEREST PAYMENTS—
Buffelsfontein Gold Mining 260cts
Equity & Law Life Assce. 5pc. 5p
Grootvlei Proprietary Mines 80cts
Keystone Inv. 6p
Marievale Consld. Mines 25cts
Northampton Borough Council Var. Rate Red. 1983 £6.375
Pegler-Hattersley 4p
Pilkington Bros. 5p
Plysu 0.75
St. Helena Gold Mines 280cts
Stilfontein Gold Mining 150cts
West Rand Consld. Mines 20cts

FRIDAY FEBRUARY 4

COMPANY MEETINGS—
Dubilier, Great Western Royal Hotel, Paddington W, 12.00
Eldridge, Pope, Dorchester Brewery, Dorchester, Dorset, 12.15
Higsons Brewery, Adelphi Hotel, Lime Street, Liverpool, 12.00

BOARD MEETINGS—
Interim:
English Association

DIVIDEND & INTEREST PAYMENTS—
Akroyd and Smithers 13.5p
Anglo Amer Corp of SA 6pcPf 1.72592p
Banco De Bogota Fin Corp 1985 $69.86
Bank of Tokyo (Curacao) NV 1991 $348.19
Beechwood Gp 0.5p
Blyvooruitzicht Gold Mng 66.10019p
Causton (Sir Joseph) 1.35p
Chemring 3.7p
Comet Gp 2.83p
Cons. Buffelsfontein Mine 2.87361p
De Beers Cons Mines 8pc2ndPf 2.29889p. 40pcPf (Br) 57.47225p. 40pcPf (Reg) 57.47225p
Eldridge, Pope A RV 8p
Fairline Boats 0.5p
Griqualand West Diamond Mng 12.64388p
Hampton Gold Mng Areas 1p
Hanson Tst 3.5p
Hapoalim Intnl 1986 $699.58
Haslemere Estates 1.9p
Norton Wright Gp 1p
Tex Abrasives 0.75p
Town City Props 0.25p

SATURDAY FEBRUARY 5

DIVIDEND & INTEREST PAYMENTS—
Brown (Matthew) 5.55p
Higsons Brewery 2.9p
Scotcros 8pcLn 1988-88 3pc
Scottish Northern Inv Tst 6pc 1.6625p

SUNDAY FEBRUARY 6

DIVIDEND & INTEREST PAYMENTS—
Imperial Chemical Inds. 10¼pcLn 1991-96 5⅛pc
Intnl Distillers Vintners 8½pcLn 1987-92 4¼pc
New Throgmorton Tst 7pcLn 1991 3½pc
Webster (Samuel) 7¼pcDb 1988-93 3⅝pc
Whitbread 7¼pcDb 1989-94 3⅝pc

RACING

BY DOMINIC WIGAN

MICHAEL DICKINSON, who is fully maximising his resources—the like of which have never before been seen in a National Hunt stable—must have viewed the outcome of Saturday's Tote Double Chase at Cheltenham with mixed feelings. Although the race saw his nine-year-old Ashley House finishing a well-beaten third, it also allayed his fears that Brown Chamberlain could be the one serious stumbling block between his team and another Cheltenham Gold Cup.

Ashley House was a slight disappointment, but Brown Chamberlain was more than that to many who had been viewing him as a future winner of the Gold Cup.

Looking for all the world a champion in the making as he moved smoothly into a challenging position behind Ashley House on the long sweep into the home straight, Brown Chamberlain next looked first clumsy, then slow, as he tried to secure a prize which had seemed his for the taking only two fences earlier.

Fred Winter's charge, who made energy-sapping mistakes at the last two fences, must now be considered an extremely unlikely runner for the big race, although his trainer has not yet said he will not run.

However, Saturday's winner, Combs Ditch, will definitely carry the black-and-yellow Tory colours on March 17. It will be interesting to see if his stable companion, Lesley Ann, will accompany him.

Today, Servilia looks the one to be on in the major Plumpton event, the Plumpton Handicap Chase. Servilia showed the utmost gameness in getting up to pip Round The Twist here a few weeks ago and a similar performance should see this fast - improving Cramborne seven-year-old giving a few pounds to David's Folly.

At today's other meeting, Leicester, Busaco can hardly be opposed in the opening division of the Somerby Novices Hurdle. Although he has not come up to expectations—he was bought with the Daily Express Triumph Hurdle in mind—Jonjo O'Neill's mount has the form to beat Delta Queen and eight others.

LEICESTER

1.30—Busaco**
2.00—Dicks Revenge
2.30—Spring Rocket
3.00—Ro's Owen
3.30—Sir Plus*
4.00—Golden Knoll

PLUMPTON

2.15—Golden Rambler
3.45—Servilia***
4.15—Catch Phrase

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	British Toy and Hobby Fair (01-701 7127) (until February 2)	Earls Court
Feb 2-6	International Swimming Pool and Leisure Show (Leatherhead (0372) 372896)	Wembley Conference Centre
Feb 6-10	International Spring Fair (01-499 7324)	NEC, Birmingham
Feb 9-10	Business Equipment and Services Exhibition (Bournemouth (0202) 20533)	Bournemouth
Feb 10-11	Lasers at Work—a Live Exhibition ((0480) 66299)	Stukely Meadows Industrial Estate, Cambridgeshire
Feb 13-16	International Men's and Boys' Wear Exhibition—IMBEX (021 705 6707)	Olympia
Feb 14-17	Spring Floorcoverings Fair (02432) 5537	Metropole Exhibition Halls, Brighton
Feb 19-27	Birmingham Post/Evening Mail Boat and Caravan Show ((021) 236 3366)	NEC, Birmingham
Feb 20-22	Video Software Show (01-686 2599)	Heathrow Penta Hotel
Feb 22-24	British Yarns Show (Bradford (0274) 490087)	Holiday Inn, Leicester
Feb 22-25	Information Technology and Office Automation Exhibition INFO '83 (01-647 1001)	Barbican
Feb 28-March 4	3rd International Food and Drink Exhibition (01-486 1951)	Olympia
March 1-3	Mailing Efficiency Exhibition (01-405 6233)	Bloomsbury Crest Hotel, W1
March 8-11	International Powder and Bulk Solids Technology Exhibition and Conference (01-686 5741)	NEC, Birmingham

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Feb 4-7	International Stationery and Office Equipment Exhibition—Sippa (01-439 3964)	Paris
Feb 4-7	Triveneto Sporting Goods Exhibition (049 38.620)	Padova, Italy
Feb 5-9	Middle East Electricity and Electronics Exhibition (01-935 8200)	Jeddah
Feb 9-12	International Fair for Household Appliances Fittings and Components—DOMOTECHNICA (01-730 4645)	Cologne
Feb 11-14	International Exhibition of Household Goods, Glassware, Ceramics, Software and Gifts—MACEF (01-242 7829)	Milan
Feb 21-25	Environmental Pollution Control Techniques ENVITECH (01-730 4645)	Amsterdam
Feb 21-25	Environmental Pollution Control Techniques Exhibition—ENVITEC (01-730 4645)	Dusseldorf
Feb 26-March 2	International Spring Fair (01-734 0543)	Frankfurt
March 8-10	The Semicon/Europa '83 Electronics Show (01-353 8807)	Zurich
March 11-16	International Exhibition for the Hotel Catering Bakeries and Confectioners ((0202) 732648)	Hamburg
March 24-27	International Trade Fair for Garage Equipment—AUTOVAK (01-228 2880)	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Feb 2	The Henley Centre for Forecasting: Freight transport (01-353 9961)	Inn on the Park Hotel, W1
Feb 2-3	Agra Europe: Outlook 83—2nd European outlook conference (Tunbridge Wells (0892) 33813)	Hilton Internatnl., Park Lane
Feb 7-11	RRG: Advanced reinsurance practice (01-236 2175)	Royal Wstmnstr. Htl., London
Feb 9	Industrial Society; Informing and consulting employees watchpoints for 1983 (01-839 4300)	Peter Runge House, SW1
Feb 9-10	FT conference: Pensions in 1983 (01-621 1355)	Inter Continental Hotel, W1
Feb 15	Oyez IBC: The litigation letter seminar—recent developments and future trends in litigation practice and procedure (01-236 4080)	Royal Lancaster Hotel, W2
Feb 16-17	FT Conference: Foreign exchange risk 1983 (01-621 1355)	Grosvenor House, Park Lane, W1
Feb 21-22	FT conference: Automated manufacturing—adopt or decline? (01-621 1355)	Royal Lancaster Hotel, W2
Feb 22	Institute of Directors: International conference (01-839 1233)	116 Pall Mall, SW1
Feb 22	Macfarlane Conferences: Tax avoidance prevention (01-637 7438)	Royal Garden Hotel, W8
Feb 22-23	Oyez IBC: Cleaner technologies—making pollution prevention pay (01-236 4080)	Sudbury Conf. Centre, EC1
Feb 23	BIM: Profiting from UK sources of supply (Northants (05363) 4222)	Cafe Royal, W1
Feb 23	CBI: Controlling absenteeism (01-379 7400)	Centre Point, WC1
Feb 23-24	Monadnock: Developing winning strategies for the marketing battle of the '80s (01-262 2732)	Spectrum Business and conference point, Cheshire
Feb 23-25	NAPF/BPF: Property in a democracy (01-681 2017)	Grand Hotel, Eastbourne
Feb 25	Industrial Society: Maternity—every woman's right, every company's problem (01-839 4300)	Carlton House Terrace
March 8-9	FT Conference: The euromarkets in 1983 (01-621 1355)	Inter Continental Hotel, W1
March 14, 16	Oyez IBC: Improve your management of hazard and operability studies (01-499 6321)	Park Lane Hotel, W1
March 22-23	FT Conference: The outlook for world grains (01-621 1355)	Inter Continental Hotel, W1
March 23	BSI/BRC conference on flat roofs: Warm and Dry (0442 48411)	Park Lane Hotel, W1
March 24	Macfarlane: International financial communications in a world recession (01-839 4300)	Press Centre, EC4

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

INTERNATIONAL APPOINTMENTS

New Zealand Dairy Board changes

● **Mr Murray Gough**, managing director of ANCHOR FOODS and European director for the New Zealand Dairy Board, is *returning to* Wellington as one of the board's assistant general managers, with particular responsibility for milkfat products and responsible for markets in Europe, Australia, Africa and the Pacific. *He will be succeeded by* ***Mr Alan Pollock*** *who has* been assistant general manager (marketing) of the New Zealand Dairy Board in Wellington. Mr Pollock joined the New Zealand Dairy Board in 1977, and was previously *general manager of Rheem Industries*, a packaging supplier of the Dairy Board.

● Price Communications Corp. has elected ***Ms Ellen Strahs Fader*** as *vice-president and secretary of* REPUBLIC BROADCASTING CORP., its wholly-owned subsidiary based in New York. Republic is acquiring broadcasting properties. *Its first acquisition was the purchase of* WOWO, Fort Wayne, Indiana, from Westinghouse Broadcasting and Cable Corp. The subsidiaries of Republic include Wayne Broadcasting Corp., Clayton Broadcasting Corp. and Annandale Pan American Corp. Ms Fader is also vice-president and secretary of all of these.

● *OVERSEAS UNION BANK has promoted* the following officers: **Mr Peter Chia Chan Seng**, from sub agent, New York agency, to manager and deputy agent, New York agency; ***Mr Winston Tang Tze Soong*** from deputy manager, systems and methods, to manager, systems and methods; **Mr Christopher Chan Guan Ngang** from deputy *manager to manager in the foreign* department.

● **Mr Henry W. Donaldson** has been elected senior vice-president of U.S. TRANSMISSION SYSTEMS, INC., *a unit of International* Telephone and Telegraph Corporation's communications operations and information services group. He was director of USTS marketing *and operations, responsible for* marketing, sales, customer service and operations. He will continue to have overall responsiblity for this function.

● **Mr Werner L. Frank**, one of three who founded Informatics in 1962, has resigned his position as executive vice president. As president of a new consulting business. THE *WERNER L. FRANK COMPUTER GROUP*, he will provide computer *users, vendors and investors consulting services* related to strategy formulation and development needs, especially in exploiting microcomputers.

● **Mr Leonard J. Pieroni** has been named president of *S.I.P. ENGINEERING, INC., a Houston*, Texas-based subsidiary of The Parsons Corporation. He was vice president and manager of business development of the company's petroleum and chemical division. Mr Pieroni *succeeds Mr Ira J. Blanco*, as president of S.I.P. Blanco, who will become a vice president and special assistant to the president of The Ralph M. Parsons Company. Mr *Blanco will be assigned to Parsons' world headquarters in* Pasadena. **Mr Joseph E. Zeigler** succeeds Mr Pieroni as manager of business development for the petroleum and *chemical division of the Ralph M. Parsons company*. Mr Zeigler was named vice president in 1978 and mid-continent regional manager for Parsons, assigned to oversee all business *development activities* from the Mississippi River to Denver and from Canada to Mexico.

● **Mr James P. Gage** has been named president and chief executive officer *of LIQUID* CARBONIC CORPORATION, a Chicago-based subsidiary of Houston Natural Gas Corporation, on the retirement of **Mr J. A. Edwards.** Mr Gage served *as executive vice-president of U.S. operations*. Mr Edwards will continue as a director of Houston Natural Gas Corporation.

● The chairman of the managing board of R. W. I., the German property group, ***Dr Peter Lammerskitten***, has been appointed senior vice president of WESTDEUTSCHE LANDESBANK, RWI's parent company. Dr Lammerskitten *will have overall responsibility for* Westdeutsche Landesbank's property interests and mortgage business, including R. W. I.

● **Admiral Thomas B. Hayward**, *U.S. Navy* (ret.), *has been elected to* the board of LITTON INDUSTRIES. Mr Hayward, who retired in July as Chief of Naval Operations, held the highest uniformed post *in the Navy for the* past four years and was a member of the Joint Chiefs of Staff. From 1976 to 1978 he was Commander in Chief, U.S. Pacific Fleet. He served as Commander, U.S. *Seventh Fleet in the Western Pacific from 1975* to 1976.

● ***Mr Garrett A. Sullivan*** *has been* appointed president of NAP COMMERCIAL ELECTRONICS CORP., New York, a subsidiary of North American Philips Corp. Mr Sullivan, vice president of marketing of *NAP Commercial Electronics Corp.*, replaces **Mr Thomas R. Shepherd**, who has resigned for personal reasons.

● **Mr Royal V. Craig** has been named director of postal service relations at *PITNEY BOWES INC., Connecticut*. Mr Craig, who will act as liaison between the U.S. Postal Service and Pitney Bowes, will be based in Washington.

● *COMSAT* has appointed **Mr François Giorgio** *as vice president*, INTELSAT Engineering and Development, of COMSAT world systems division. In this newly created position, Mr Giorgio *will assume responsibility* for the engineering and construction programme conducted by the corporation in support of COMSAT's role as the U.S. signato*ry to the International Telecommunications* Satellite Organisation.

● MORGAN GUARANTY TRUST COMPANY, New York, has promoted **Mr Pilar Conde-Lledo** to vice president. The bank has also appointed *the following* to assistant vice president: **Mr Ramon Codina; Mr Fernando de Escoriaza; Mr Victorio Hortal; Mr Angel Jimenez; Mr Alfonso Rebuelta;** and **Mr Geoffrey P. Skates**. *They are all assigned to* the Madrid office.

● C. R. BARD INC, New Jersey, has elected **Mr David W. Prigmore** a group vice-president and an officer. He will become responsible for *the USCI International division*, the Bard Biomedical division and the USCI division, where he will continue as president. ***Mr Gerald J. Lochtefeld*** has been appointed vice-*president and general manager of* Bard Biomedical division.

● WANG LABORATORIES, Massachusetts, has made the following appointments: ***Mr Harry H S Chou has been promoted from*** executive vice president to vice chairman of the board. He will retain his responsibilities as chief financial officer and treasurer; **Mr John P Cun*ningham*** *has been promoted from* executive vice president to president and chief development officer. **Mr Jon P Kropper**, senior vice president, has been made executive vice president, manufacturing.

● *OZARK-MAHONING*, a wholly-owned *subsidiary of* Pennwalt *Corp, has elected* ***Mr David L Hellier*** vice *president*, marketing. He will be responsible for the marketing of sodium sulphate, fluorspar and associated products from Ozark-Mahoning's chemicals and *mining operations. He succeeds* **Mr *Ross Anderson*** *who is retiring*.

● ***Mr James D Mason*** has been elected senior vice president, production and engineering, RATCLIFF EXPLORATION COMPANY, the exploration and production subsidiary of *Ratcliff Drilling* and *Exploration Company. Mr Mason* joined the company last year as vice president engineering and acquisitions. His office is in Oklahoma City.

● **Mr David W Mitchell**, chairman *of the board and chief executive officer* of Avon Products, Inc, has been elected a director of GETTY OIL COMPANY.

● **Mr Homer G Nester**, vice president and controller of *CESSNA AIRCRAFT COMPANY, has been* elected to assume the additional responsibility of treasurer.

● **Mr Werner Zürcher**, managing director of Gulf Oil (Switzerland), has been given control of international projects at the London head*quarters of GULF OIL COMPANY* INTERNATIONAL from December 1. He will be succeeded by **Mr Hans J Loeffel**, chairman of the Swiss company and since 1978 head of *Gulf Sweden*.

● ***Mr Albert H Spire, director of the*** Australian British Trade Association (NSW), has been appointed a director of B WHELAN INVESTMENTS PTY. and its subsidiaries, *and its UK company*, Rankworth Enterprises Pty.

● *CIGNA has appointed* ***Mr Barry F Wiksten*** as senior vice president, communications. In this new position, he will be responsible for corporate-wide communications activities, *including public relations*, employee communications, investor relations and audiovisual services.

● **Mr J Joseph Casey**, president of DILINGHAM CORP., Honolulu, has also been named chief executive officer.

THE WEEK IN THE COURTS

Owners can withdraw chartered ship only at moment of default

NOT UNNATURALLY, courts *looks askance at those who seek* to take advantage of technical hiccups in the due performance of strict contractual obligations. To be fair, businessmen themselves have recognised the inherent unfairness of alighting on technical lapses and do often provide for boltholes to escape *the strict terms of their contracts*.

It was little surprise, therefore, that the House of Lords in *Afovos Shipping Co S/A v. Romano Pagnan and Pietro Pagnan (trading as R. Pagnan and F.LLI)** should strive to prevent the owners of a ship from exercising a right to withdraw *their ship from* charterers who, through no fault of their own but as a result of a chapter of accidents in communications with their bankers, had defaulted in payment.

Payment

The *owners* of the vessel Afovos hired out the ship to charterers. Payment was to be in cash, in U.S. currency, to the First National Bank of Chicago in London for the credit of a specified account, semi-monthly in advance. Failure *to make* payment punctually and regularly gave the owners the right to withdraw their vessel from service.

A later clause in the charter party, however, provided that the *owners* could not exercise their option to withdraw the vessel without first giving notice *of withdrawal* if *the* hire *was* not paid within 48 hours.

Option

This "anti - technicality" clause read: "When hire is due and not received the owners, before exercising *their option* of withdrawing the vessel from the charterparty, will give charterers 48 hours notice, Saturday, *Sundays and holidays excluded* and will not withdraw the ves*sel if the hire is paid within* these 48 hours."

The ship was delivered on *February 14, 1978*. A *semi*-monthly instalment of the hire was due on Thursday, June 14 1979. On June 11 the charterers had *instructed* their *Italian* bankers to remit that instalment in accordance with the charterparty. The bankers sent a telex on *June 13. Owing to* an incorrect entry in the directory of telexes, however, the telex transfer was delayed until *the right recipient was found*. It arrived ultimately at the London bank on June 14.

At 16.40 hours on June 14 the owners' agents notified the charterers that the owners had instructed *them*, "*In case* we do not receive the hire which is due today," that they were giving notice for withdrawal *of the* vessel. At 19.20 hours on Monday, June 18 the owners gave notice of withdrawal of the *Afovos* as from *19.00 hours* on that date, owing to the charterers' failure to pay hire due on June 14. The mistake *in the credit transfer* was discovered and the credit transfer was made on June 19.

Action

The *formal* question which the courts were asked to answer was whether the *owners* were *entitled* to act, and whether their action was effective to achieve its purpose.

That dry question of construction of the terms of the *charterparty* only faintly disguised the commercial reality. A great deal of money depended on the answer to the legal question. In fact the parties entered into an agreement, without prejudice to *their rights, whereby* the ship remained on charter to the same charterers for the rest of the charter period.

The real question, then, was whether the hire was to continue to be at the original rate of $1.975 per tonne or at an enhanced figure reflecting the increased market rate at the time of the purported withdrawal. The difference was about $2.5m.

Could the owners take advantage of the slip-up in the telexing of the credit transfer *due to no fault on the part of* the charterers, in order to exact a higher rate of pay for the charter than was contracted *for, simply* because the slip-up allowed them to withdraw the ship and rehire at the enhanced rate?

Warning

The question thus resolved itself into the simple issue of *whether* the warning given about non-payment was premature? There is little point in telling a charterer that payment has not been received until the time for payment has expired.

If the charterer is told payment has not been received be*fore the time for payment* has expired he may not realise the urgency *of* the matter and continue to expect that his payment will be credited in time.

On the other *hand*, if *he is* told after the time for payment has expired he will immediately realise that he is in breach. He will get his *skates* on and ensure that within the 48 hours payment is effected. Which answer would the con*tracting parties* have intended to give? Clearly the latter.

Principle

To the question: What was the latest point of time on June 14 which would have constituted *punctual* payment of the instalment? the answer was midnight. It is a general principle *of law that where a person is* under duty to do a particular act on or before a particular day, he has the whole of that day in which to *perform* his duty. *As the hours of the day* pass, it becomes increasingly probable that he will not be able to do the act required; but until the bewitching hour of midnight *he is not* actually in default.

Because the 48 hours' *notice could not be given validly be*fore the hire had become "due and not received" at midnight on June 14-15, the notice given at *16.40 hours on June 14* was bad, *for* it had been given be*fore* breach of the obligation to pay the hire. Notice could not be given in advance of midnight.

The case dealt with one other point of some significance to bankers. The trial judge, who had held in favour of the owners, had *approached the* problem by analysing the actual probability of the charterer being in *default* if his telex message were *received after* counter hours in the bank, that is, after 16.40 hours; or even later, but before midnight.

Observed

In the Appeal Court Lord Justice Kerr observed that the *close of all banking business* is not to be equated with ordinary banking hours for transactions over the counter.

The Lord Chancellor, giving the leading speech in the House of Lords, was rather more dismissive *of the trial judge's* approach. The question was, not when the charterer would cease to be likely to pay in time but when punctual payment would have failed. That moment had to relate to a particular hour, midnight, and was not dependent on the modalities of the recipient bank.

* *[1982] 1WLR 848.*

Justinian

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int.	108.3	114.6xd	+0.1	10.92
High Inc Equity	43.6	47.1xd	+0.5	7.94
Capital Growth				
American Growth	88.2	94.8xd	+2.4	1.53
[illegible]				

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777

UK Specialist Funds				
Assets	126.6	136.5	-1.0	4.45
Recovery	46.4	50.0	-0.3	3.85
Smaller Cos.	74.6	80.4	-0.9	2.56
Spec. Mkt. Sits.	66.7	71.9	-1.1	2.22
UK Blue Chip	45.5	49.1	+0.4	3.95
High Income Funds				
Nat. High Inc.	89.9	96.9	+1.2	7.37
Extra Inc.	37.9	40.9xd	+0.2	9.54
Inc. & Growth	94.2	101.6	-0.4	6.45
Gilt	24.6	25.9	-0.1	10.22
[illegible]				

Duncan Lawrie Fnd. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

Growth	16.3	17.5	+0.1	5.30
Income	31.4	33.8xd	-0.4	10.00
Overseas	59.6	64.4	+0.9	7.00

Henderson Administration (a) (b) (c)
Premier UT Admin., 5, Rayleigh Road, Hutton, Brentwood, Essex. 0277 217238

U.K. Funds				
Special Sits.	65.9	70.9	+1.7	1.64
[illegible]				

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	327.4	352.1	—	3.51

Local Authorities' Mutual Invest. Tst.*

[illegible]

National Westminster (a)
161, Cheapside, EC2V 6EU. 01-726 1999

[illegible]

Save & Prosper—continued

[illegible]

Tyndall Managers Ltd. (a)(b)(c)
18, Canynge Road, Bristol 0272 732241

[illegible]

INSURANCES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		215.69	.....	—
Managed Inv. Fd.	146.67	154.39	.....	—
Property Fd.	144.54	152.15	.....	—
Fixed Interest Fd.	137.24	144.47	.....	—
Cash Fd.	130.49	137.36	.....	—
Income Fd.	141.81	149.28	.....	—
Extra Income Fd.	132.99	139.99	.....	—
Worldwide Growth Fd.	186.72	196.56	.....	—
Balanced Fd.	155.85	164.06	.....	—
Smlr Co's & Recy. Fd	160.05	168.48	.....	—
Int. Technology Fd	207.87	218.82	.....	—
Nth. Amer. & Gen. Fd.	131.42	138.34	.....	—
Energy Int. Fd.	84.59	89.05	.....	—
Pacific Basin Fund	113.27	119.24	.....	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	91.3	96.2	−2.4	—
International	102.2	107.6	+3.7	—
Property	97.5	102.6	+0.3	—
Deposit	95.4	100.4	+0.1	—
Fixed Interest	93.1	98.0	+0.5	—
Managed	96.6	101.6	+0.5	—
Equity Pens Cap.	90.1	94.9	−3.0	—
Intnl Pens. Cap.	103.4	108.8	+4.8	—
Property Pens Cap	97.7	102.8	+0.2	—
Deposit Pens Cap	95.3	100.3		—
Fixed Int Pens Cap	92.6	97.4	−0.8	—
Managed Pens Cap	96.6	101.7	+0.7	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Jan 5		83.2	.....	—
Rent. Fed. Jan 7		204.4	.....	—
Managed Pen Fund	167.0	179.8	.....	—
Property Pen Fund	109.5	115.3	.....	—
Index Link Pen Fund	119.8	126.2	.....	—
Managed	105.3	110.9	.....	—
Property	97.7	102.9	+0.1	—
Gilt and Fixed Interest	93.9	98.9	.....	—
Index-Linked	104.0	109.5	.....	—
Equity	107.4	113.1	.....	—
Cash	97.6	102.8	+0.1	—
Midland Bk Unit Tst.	103.3	108.8	+1.3	—
Midland Bank Intnl.	120.1	126.5	+0.9	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£31.56	—	+0.26	—
Property Units	£16.75	—	−0.01	—
Equity Bond/Exec	£20.75	21.96	+0.17	—
Prop. Bond/Exec	£21.90	23.17	−0.02	—
Bal. Bd./Exec/Unit	£21.34	22.58	+0.02	—
2nd Equity Acc	162.7	172.2	+1.3	—
2nd High Inc/Acc	114.6	121.3	+0.2	—
2nd Property Acc	168.0	177.8	.....	—
2nd Managed Acc.	156.3	165.4	+0.1	—
2nd Deposit Acc	138.3	146.3	.....	—
2nd Gilt Acc	132.7	140.4	−0.7	—
2nd American Acc	168.9	178.7	+4.0	—
2nd Intl Money Acc	137.2	145.2	.....	—
2nd Index Acc	98.9	104.7	.....	—
2nd Eq. Pens./Acc.	216.3	228.9	+1.7	—
2nd Hi Inc Pens/Acc.	117.0	123.8	+0.1	—
2nd Prp. Pens/Acc	207.2	219.3	−0.1	—
2nd Mgd. Pens/Acc	193.4	204.7	+0.1	—
2nd Dep. Pens/Acc	175.9	186.1	.....	—
Gilt Pens/Acc	167.7	177.5	−0.8	—
2nd Am. Pens/Acc	215.4	227.9	+6.0	—
2ndIat.MoneyPens/Acc	161.5	170.9	.....	—
2nd Index Pens./Acc.	100.1	105.9	.....	—
L & E S.I.F.	66.5	70.5	.....	—
L & E S.I.F. 2	45.0	48.0	.....	—

Current value January 27.

Capital Life Assurance
Coniston House, Chapel Ash W'ton. 0902 28511

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund.	119.3	125.6	−0.8	—
GT Pln High Yld Fnd	103.4	108.9	+2.2	—
GT Plan Far East Fnd	96.4	101.5	+1.7	—
GT Pln N Am Fund	146.2	153.9	+9.0	—
GT Pln UK&G E. Fnd	117.8	124.1	+1.4	—
GT Pln Wrldwde Fnd	112.8	118.8	+4.5	—
GT Pension Bnd Fnd	124.2	130.8	−0.6	—
GT Pen High Yld Fd	115.2	121.3	+2.6	—
GT Pen Far East Fd	102.2	107.6	+2.1	—
GT Pen N. Am. Fd.	178.4	187.8	+12.6	—
GT Pen UK & G.E. Fd.	128.9	135.7	+1.8	—
GT Pen Worldwide Fd.	118.9	125.2	+5.6	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	154.5	162.7	.....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		220.3	+1.4	—
Portfolio Fd. Int.		187.7	+1.2	—
Portfolio Fd. Cap.		213.5	+1.4	—
Portfolio Man. Acc	67.7	71.3	+2.5	—
Portfolio Man. Int.	60.2	63.4	+2.0	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,425	.....	—
Landbank Secs.		64.03	.....	—
Landbank Scs Acc.	173.3	177.8	.....	—
G. & S. Super Fd.		£30.734	.....	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	298.6	311.0	.....	—

GRE Linked Assurance Limited

Managed Initial	177.0	186.3	−0.9	—
Do. Accum.	193.3	203.5	−1.0	—
Equity Initial	223.7	235.5	−3.1	—
Do. Accum.	244.4	257.3	−3.3	—
Fixed Int. Initial	169.8	178.8	−0.8	—
Do. Accum.	185.5	195.3	−0.9	—
International Initial	180.2	189.5	+2.6	—
Do. Accum.	196.7	207.0	+2.7	—
Property Initial	121.2	127.6	.....	—
Do. Accum	132.2	139.2	.....	—
Deposit Initial	119.6	125.9	.....	—
Do. Accum.	130.6	137.5	.....	—

GRE Pensions Management Ltd.

Pens. Managed Initial	169.4	178.3	−1.2	—
Pens. Managed Acc.	180.9	190.4	−1.2	—
Pens. Equity Initial	204.2	215.0	−1.1	—
Pens. Equity Acc.	218.0	229.5	−1.2	—
Pens. Fxd. Int. Initial	169.0	177.9	.....	—
Pens. Fixed Int. Acc.	180.4	189.9	.....	—
Pens. Int'l Initial	166.6	175.4	+2.1	—
Pens. Int'l. Acc.	177.9	187.3	+2.3	—
Pens. Prop. Initial	121.0	127.4	.....	—
Pens. Prop. Acc.	129.0	135.8	.....	—
Pens. Depos. Initial	130.0	136.8	.....	—
Pens. Depos. Acc.	138.8	146.0	.....	—

Hambro Life Assurance P.L.C.
Hambro Life Centre, Swindon SN1 1EL. 0793 28291

Fixed Int. Dep.	177.8	187.2	.....	—
Equity	334.8	352.5	.....	—
Property	269.1	283.3	.....	—
Managed Cap.	205.6	216.5	.....	—
Managed Acc.	307.1	323.3	.....	—
Overseas	234.0	246.4	.....	—
Gilt Edged	188.6	198.6	.....	—
American Acc.	196.5	206.7	.....	—
American Man.	109.0	114.8	.....	—
American Prop.	96.3	101.4	.....	—
American Eq.	196.3	206.7	.....	—
Pen.F.I.Dep.Cap.	193.1	203.3	+0.4	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

"Asset Builder"	59.8	62.9	.....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr. Jan. 15	54.1	58.3	.....	—
MM Flexible Jan 1	44.5	47.0	.....	—
Fixed Interest Jan 1	51.8	54.7	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	246.7	202.6	.....	—
Fixed Interest	148.0	148.7	.....	—
Property	158.1	162.8	.....	—
Deposit	137.1	137.1	.....	—
Mixed	171.2	174.9	.....	—
Indexed Stk.	113.5	114.0	.....	—

London Life Managed Funds Ltd.

Equity (P.)	141.3	146.2	.....	—
Fixed Int. (P.)	147.1	148.2	.....	—
Property (P.)	115.2	119.2	.....	—
Deposit (P.)	114.1	114.1	.....	—
Mixed (P.)	135.7	139.2	.....	—
Indexed Stock (P.)	119.4	120.2	.....	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	254.9	—	+0.2	—
Invest. Tst. Fd. Acc.	262.4	—	+0.2	8.0
Property Fund Cap.	116.3	—	+0.1	—
Property Fund Acc.	119.7	—	+0.1	3.1
Flexible Fund Cap.	166.9	—	−1.0	—
Flexible Fund Acc.	171.6	—	−1.0	2.4
Fixed Int. Fd. Cap.	128.6	—	−1.5	—
Fixed Int. Fd. Acc.	132.6	—	−1.5	—
Gtd. Deposit Fd. Cap.	136.7	—	.....	—
Gtd. Deposit Fd. Acc.	139.9	—	.....	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	286.5	.....	—
Property Fund (A)	279.4	.....	—
Agricultural Fund	1047.9	.....	—
Agric. Fund (A)	1022.7	.....	—
Abbey Nat. Fund	223.9	.....	—
Abbey Nat. Fd. (A)	223.1	.....	—
Investment Fund	121.9	.....	—
Investment Fund (A)	120.3	.....	—
Equity Fund	362.4	+4.1	—
Equity Fund (A)	356.4	+4.1	—
Money Fund	205.0	+0.3	—
Money Fund (A)	201.6	+0.3	—
Actuarial Fund	188.1	.....	—
Gilt-edged Fund	173.2	+0.6	—
Gilt-Edged Fd. (A)	173.2	+0.6	—
Retire Annuity	342.8	.....	—
Immed. Ann'ty	196.0	.....	—
International Fd.	215.5	.....	—

Prop. Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	224.1	235.9	.....	—
Inv. Fd. Uts.		256.0	.....	—
Pension Fd. Uts.		234.1	.....	—
Conv. Pens. Fd.		263.1	.....	—
Cnv. Pns. Cap. Ut.		202.3	.....	—
Man. Pens. Fd		284.8	−1.1	—
Man. Pens. Cap. Ut.		227.2	−1.3	—
Prop. Pens. Fd.		264.5	.....	—
Prop.Pens.Cap.Uts.		206.0	.....	—
Bldg. Soc. Pen. Ut.		233.7	.....	—
Bldg. Soc. Cap. Ut.		184.3	.....	—
Gilts Pens. Fd.		149.3	+0.4	—
Gilts Pens. Fd. Cap.		133.9	+0.2	—
Equity Pens. Fd.		220.5	.....	—
Equity Pens. Fd. Cap.		188.9	−0.5	—

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OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS & HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

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Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

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[illegible]

PROPERTY—Continued

[illegible]

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[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

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TOBACCOS

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Investment Trusts

[illegible]

INVESTMENT TRUSTS-Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	May	Falcon Rh.50c	250	15	Q25c	10.3	7.0
Nov.	May	Wankie Col. Z$1	18	4 10	†Q3c	1.2	11.3
—		Zam. Cpr.SBD0.24	23	9 80	—	—	—

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed, dealings permitted under Rule 163(4)(a).
- ✣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	48	
Bertrams	17½	
Bdg'wtr. Est. 50p	468	+3
Craig & Rose £1	£12½	
Finlay Pkg. 5p	31	
Graig Ship. £1	£21	
Higsons Brew	102	
Holt (Jos) 25p	880	
I O M Stm. £1	105	
Pearce (C. H.)	£12	
Peel Hldgs.	160	

IRISH

Exch 15pc 1983	£99⅞	
Nat 9¾% 84-89	£79¼	+¼
Fin 13% 97/02	£89¾	+¼
Alliance Gas	115	
Arnott	188	
Carroll (P.J.)	80	
Concrete Prod.	53	
Heiton (Hldgs.)	16	
Ins. Corpn. Ireland	360	
Irish Ropes	26	
Jacob	81	
T.M.G.	95	
Unidare	42½	

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	15	Utd Drapery	7
BOC Grp	17	I.C.I.	24	Vickers	12
B.S.R.	6	"Imps"	10	Woolworth Hld.	15
Babcock	10	I.C.L.	8	**Property**	
Barclays Bank	35	Ladbroke	16	Brit. Land	7½
Beecham	35	Legal & Gen.	28	Cap. Counties	12
Blue Circle	44	Lex Service	16	Land Secs.	26
Boots	22	Lloyds Bank	35	MEPC	17
Bowaters	19	"Lofs"	4	Peachey	14
Brit. Aerospace	20	London Brick	11	Samuel Props.	10
B.A.T.	50	Lucas Inds.	12	Town & City	3
Brown (J.)	4	"Mams"	12	**Oils**	
Burton Ord.	24	Mrks & Spncr	16	Brit. Petroleum	26
Cadburys	11	Midland Bank	30	Burmah Oil	12
Courtaulds	8	N.E.I.	9	Charterhall	5
Debenhams	8½	Nat. West. Bank	38	KCA	8
Distillers	20	P & O Dfd	14	Premier	4
Dunlop	5½	Plessey	50	Shell	35
Eagle Star	30	Racal Elect.	45	Tricentrol	22
F.N.F.C.	4	R.H.M.	6	Ultramar	42
Gen. Accident	30	Rank Org. Ord.	15	**Mines**	
Gen. Electric	24	Reed Intnl.	26	Charter Cons.	20
Glaxo	90	Sears	9	Cons. Gold	40
Grand Met.	25	T.I.	13	Lonrho	8
G.U.S. 'A'	50	Tesco	8	Rio T. Zinc	42
Guardian	35	Thorn EMI	38		
G.K.N.	15	Trust Houses	13		
Hawker Sidd.	30	Turner & Newall	4		
		Unilever	65		

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

AUSTRALIA

FRANCE

SINGAPORE

AUSTRIA

BELGIUM/LUXEMBOURG

GERMANY

DENMARK

SWEDEN

SWITZERLAND

SOUTH AFRICA

Financial Rand US$0.76¼ (Discount of 18½%)

SPAIN

Indices

NEW YORK — DOW JONES

	Jan. 28	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 21	1982-83 High	1982-83 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	1064.75	1065.85	1057.99	1042.03	1059.17	1062.89	1092.35 (10/1/83)	776.92 (12/8)	1092.35 (10/1/83)	41.22 (2/7/32)
H'me Bnds	71.05	71.08	70.9	70.95	71.01	—	72.59 (18/1/83)	56.87 (12/2)	—	—
Transport	490.57	469.10	449.84	450.79	442.8	448.78	475.14 (12/1/83)	292.12 (12/8)	475.14 (12/1/83)	12.32 (8/7/32)
Utilities	125.62	125.86	125.59	125.90	123.57	125.05	125.78 (20/1/83)	103.22 (30/7)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol. 000-s	86,490	86,120	75,720	79,740	90,800	77,110	—	—	—	—

● Day's high 1080.57 (1068.16) low 1056.66 (1037.25)

	Jan. 14	Jan. 7	Dec. 31	Year ago (Approx)
Indust'l div. yield %	5.01	5.03	5.17	6.52

STANDARD AND POORS

	Jan. 28	Jan. 27	Jan. 26	Jan. 25	Jan. 24	Jan. 21	1982-83 High	1982-83 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	162.85	162.27	158.64	159.2	157.15	161.71	165.78 (13/1/83)	114.08 (12/8)	165.78 (13/1/83)	5.52 (30/6/32)
§Comp's'te	144.51	144.27	141.54	141.74	139.97	143.85	147.77 (13/1/83)	102.42 (12/8)	147.77 (13/1/83)	4.40 (1/6/32)

	Jan. 26	Jan. 19	Jan. 12	Year ago (approx)
‡Indst'l div. yield %	4.51	4.39	4.35	6.67
Indust'l P/E ratio	11.05	11.35	11.30	7.81
Long Gov. Bond yield	10.67	10.60	10.41	13.90

N.Y.S.E. ALL COMMON

Jan. 28	Jan. 27	Jan. 26	Jan. 25	1982-83 High	1982-83 Low
83.35	83.16	81.75	81.82	84.79 (17/1/83)	58.80 (12/8)

Rises and Falls

	Jan. 28	Jan. 27	Jan. 26
Issues Traded	1,932	1,929	1,932
Rises	907	1,161	865
Falls	684	435	700
Unchanged	341	333	364
New Highs	97	80	49
New Lows	2	1	1

MONTREAL

	Jan. 28	Jan. 27	Jan. 26	Jan. 25	1982-83 High	1982-83 Low
Industrials	346.77	343.75	340.4	341.18	388.42 (10/1/83)	248.68 (21/6)
Combined	331.62	330.08	327.46	328.15	348.76 (10/1/83)	257.27 (21/6)
TORONTO Composite	2015.70	2014.0	1994.8	1997.3	2110.9 (10/1/83)	1352.2 (7/7)

	Jan. 28	Jan. 27	Jan. 26	Jan. 25	1982-83 High	1982-83 Low
AUSTRALIA All Ord. (1/1/80)	536.6	536.4	537.3	528.5	596.5 (4/1/82)	443.2 (8/7)
Metal & Minls. (1/1/80)	488.2	493.5	494.2	485.9	488.2 (28/1/83)	288.0 (8/7)
AUSTRIA Credit Aktien (2/1/62)	49.49	49.52	49.48	49.72	56.98 (4/11)	47.35 (28/10)
BELGIUM Belgian SE (31/12/63)	104.82	105.81	105	105.03	105.97 (24/1/83)	89.42 (29/1/82)
DENMARK Copenhagen SE (3/1/83)	105.91	103.78	102.82	103.2	104.69 (21/1/83)	100.00 (3/1/83)
FRANCE CAC General (31/12/81)	104.4	104.0	105.3	103.2	111.8 (12/5)	85.9 (12/8)
Ind Tendance (31/12/82)	108.0	107.2	107	105.7	108.0 (28/1/83)	98.6 (5/1/83)
GERMANY FAZ-Aktien (31/12/58)	246.97	244.47	244.22	241.89	257.55 (6/1/83)	214.96 (17/8)
Commerzbank(Dec1953)	744.0	736.7	735.9	727.9	777.8 (5/1/83)	658.2 (17/8)
HOLLAND ANP-CBS General (1970)	105.4	105.4	104	102.5	107.8 (11/1/83)	84.9 (6/1/82)
ANP CBS Indust (1970)	90.5	88.9	88.7	87.9	93.4 (11/1/83)	65.2 (4/1/82)
HONG KONG Hang Seng Bank (31/7/64)	883.82	884.72	880.74	888.45	1445.32 (12/1/82)	676.30 (2/12)
ITALY Banca Comm Ital.(1972)	182.45	184.18	182.84	180.88	212.86 (19/5)	147.25 (22/7)
JAPAN** Dow Average (16/5/49)	8014.81	7942.32	7962.51	7805.18	8210.02 (8/1/83)	6848.78 (1/10)
Tokyo New SE (4/1/68)	584.86	580.90	582.82	574.51	602.17 (8/1/83)	511.52 (17/8)
NORWAY Oslo SE (4/1/83)	125.55	124.08	118.35	114.94	125.55 (28/1/83)	93.01 4/1/83)
SINGAPORE Straits Times (1966)	775.90	767.92	761.51	758.5	810.76 (6/1/83)	557.07 (16/8)
SOUTH AFRICA Gold (1958)	1037.8	1024.2	1026.3	1005.4	1073.3 (17/1/83)	335.3 (8/7)
Industrial (1958)	816.4	815.4	818.9	818	823.6 (20/1/83)	597.5 (25/6)
SPAIN Madrid SE (31/12/82)	101.6	100.85	100.53	100.85	102.08 (20/1/83)	96.32 (11/1/83)
SWEDEN Jacobson & P. (1/1/58)	1023.7	(u)	987.87	987.87	1023.7 (28/1/83)	563.32 (29/4)
SWITZERLAND Swiss BankCpn.(31/12/58)	299.4	297.3	298.1	296	301.7 (7/1/83)	237.8 (17/8)
WORLD Capital Intl. (1/1/70)	—	156.5	155.5	(u)	162.8 (18/1/83)	118.4 (15/8)

(**) Saturday January 15: Japan Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day	Friday	Stocks traded	Closing price	Change on day
Mesa Trust	2,200,500	1⅞	+⅛	Wall Mart Strs.	1,107,200	46⅜	−1⅞
Searle	1,469,400	44⅞	−5	Xerox	1,085,600	35⅞	−1⅞
Warner-Lamb.	1,392,500	30	+⅜	Archer-Daniels	846,200	21⅞	−⅛
ATT	1,290,300	68	−1	Med. Fund	819,700	22⅞	−⅛
General Elec.	1,283,300	99⅞	+4⅞	Sperry	790,800	37⅞	−⅛

FINANCIAL TIMES SURVEY

Vehicle Fleet Management

A decade ago virtually all companies bought and managed their own vehicle fleets. Since then soaring costs and increasing sophistication in distribution have persuaded a growing number to hand over responsibility to specialists. The signs are that this trend will continue

By Hazel Duffy

THE PROLONGED recession has caused companies to examine all parts of their operations in an effort to discover cost savings. The management of car and commercial vehicle fleets, an essential tool in most businesses, is no exception.

Several specialist companies have been set up in the past decade to offer financial and management services in an attempt to persuade operators that there are alternatives to the straight purchase and in-house management that was previously almost universal. Other well established companies in the rental and distribution fields have added these specialist services to their activities.

Salesmanship

At the same time, there has been a growing tendency towards greater sophistication in the whole distribution area. Transport managers in larger companies have been made well aware of the range of services that can be put together in complete or partial packages so that some of the distribution function is managed by outside specialists.

All these competing offers can prove confusing to the manager who has to decide the best course for his company. As in all areas of high pressure salesmanship, it is difficult, if not impossible, to gain impartial advice. It was for this reason that the British Institute of Management set up the Centre for Physical Distribution Management which aims to provide unbiassed information.

Another important factor in the total picture is the efforts of the manufacturers themselves — car and commercial vehicle — to make their products attractive in every respect to the potential purchaser.

This has led in some instances to manufacturers offering deals which can only be described as completely uncommercial in attempts to secure contracts.

The importance of these contracts can be judged by the estimate that the total spent by companies on car purchases in 1982 was about £4bn.

At the same time, to the customer, the true cost of running car fleets has become more apparent in the past eight to 12 months with the fall in inflation. This has reduced the difference between the residual and replacement volume of cars. The cost is assuming a larger proportion of overheads as fleet sizes have not been cut back nearly as much as other items; a company which has reduced its workforce by 40 per cent, for instance, has probably concentrated the cutback on shopfloor employees who would not have company cars, while the managers and sales representatives have not suffered as much.

The realisation that company car fleets are possibly a disproportionate part of overheads is thus making companies look at the alternative methods of managing and financing.

The four major methods of acquisition are: leasing, contract hire, hire purchase and cash. A recently published survey sponsored by Lex Vehicle Leasing into the motoring habits of 1,782 companies shows that cash is still the most popular method of acquistion. According to the survey, 75 per cent of company cars are still purchased outright; contract hire—which is an all inclusive type of leasing, embracing extras such as maintenance and insurance — accounted for 10 per cent of the market; finance leasing, which really got under way in the latter half of the 1970s, accounted for 8 per cent; and hire purchase for 7 per cent.

Hugh Routledge

Mr Jeff Johnson, director of fleet sales for Austin Rover with the range of vehicles offered by BL for fleets

Contract hire has grown in popularity in recent years. It costs more than straight leasing —about 25 per cent more, according to Lex Vehicle—but some managers see this as an acceptable extra in return for having the financial and administrative responsibility removed from their companies.

The fleet management specialists, who will take over all or a part of the management of a fleet but leave ownership and disposal of the cars to the company, say contract hire companies build in a large margin for themselves. In fact there is a role for both services and some companies will use both. It may be that companies will operate contract hire for that part of their fleet which consists of standardised cars, used by representatives, for instance. This avoids large initial outlay and keeps tight control on forward planning, while they use fleet management specialists for the more diversified part of their fleets which include high value cars.

The rival interests of the two sectors produce widely differing claims about the popularity of each: Swan National, which operates in contract hire, estimates the total contract hire fleet in the UK at about 250,000 vehicles with growth potential of 7½ per cent to 8 per cent, while fleet management will be static. Gelco, which offers both services, estimates about 10 per cent growth for each.

The other side to the industry, apart from cars, is commercial vehicles where various types of fleet management schemes have again been growing fast.

Here contract hire is frequently used by companies which do not wish to have day-to-day management of their distribution requirements. The arrangement would include hire of vehicles and associated maintenance requirements, but the provision of drivers would still be the responsibility of the company.

Many larger companies would put part of their distribution operations out to contract hire arrangements, another part might be consigned to a total distribution package (including warehousing, and ordering — the system being custom designed), and yet part to an in-house distribution department.

Competition to secure contract distribution agreements, and contract hire, is intense among the transport operators. The recession has forced contraction in the industry, the survivors increasingly striving to convince companies they would benefit from full service contracts in an effort to tie them in to longer-term arrangements.

CONTINUED ON NEXT PAGE

CONTENTS

Design: Philip Hunt
Editorial production: Mike Smith

VEHICLE FLEET MANAGEMENT II

Despite the Government's hostility, the company car remains an important perk, reports John Griffiths

Deeply ingrained in the corporate scheme

A British Institute of Management Foundation survey of practice in 343 companies last year clearly showed up the extent to which "company cars" have become a major item in the accounts.

Over 90 per cent of companies allocated cars to managing directors and senior managers; middle managers were given cars by 63 per cent, junior managers by 27 per cent; 79 per cent of companies provided their sales force's vehicles, and 30 per cent did the same for their service engineers.

This was with the recession well under way, and after the process of revising fleet sizes and slowing the tendency to award cars to ever lower tiers of personnel had already begun.

There are three clearly defined types of business car: straightforward "utility" vehicles, used as an essential tool of the trade by sales reps, mobile engineers, the public services and similar; the "perk" cars provided to management, ostensibly for business use, but more often than not which is simply a part of the remuneration package; and "pool" cars, in theory for business use by whoever in the company needs them, but the costs and problems of which—together with much improved "standby" vehicles from rental and leasing companies—increasingly are turning them into a dying breed.

Contained in the BIM Foundation report was a very illuminating paragraph:

"The overall responsibility for company car policy is generally in the hands of the managing director or chief executive. It is significant that policy decisions are usually made at director level, for not only may large capital sums be involved but the decision to allocated cars of varying specification throughout the company may require quite a high degree of diplomacy. In many instances cars are perceived by their users as an indication of their status in the company hierarchy and for this reason policy is important enough to require endorsement by the board of directors."

Status

That paragraph underlines just how deeply ingrained the company car is in the corporate scheme, and was lent further emphasis in the report when it investigated the criteria for which type of car was to be allocated. While the amount of necessary business travel was the main criterion for junior and middle managers, status was the principal one higher up the management level.

Nevertheless, the extent to which it was the sole criterion had dropped in comparison with the Foundation's previous survey carried out in 1979. But the number of companies who combined the status criterion with salary level has increased, suggesting that the perk car is becoming more entrenched as part of the remuneration package.

Currently, a slightly paradoxical situation has been developing whereby many head-hunting companies are using the offer of a particularly attractive car as part of the remuneration deal—sometimes even specifying the model in their advertising, while the increasing number of executives out of work is actually serving as a depressant of the company car market.

What remains clear is that, despite the Government's disapproval of much of the company car system — essential vehicles apart, it would still like executives buying their own cars, helped by lower overall personal taxation — the system is surviving remarkably well.

In no other country in the world is the company car as well entrenched as in the UK, and that is precisely because of the tax advantage accruing to both employer and employee.

Nearly half of all new cars sold are to businesses — around 700,000 last year.

The private owner must pay for all his motoring out of taxed income. But the corporate purchaser can offset the vehicle against tax, and the employee who gets a company car for private use as well will be assessed for it in tax terms on a scale well below the actual value of the benefit.

This holds true still, despite the chipping away at its net worth which is still being carried out by the Government, even though the full-scale assault it planned on assuming power in 1979 was beaten off by a chorus of protest from the Confederation of British Industry, the Institute of Directors and others.

The views on perks of the Chancellor, Sir Geoffrey Howe, are not believed to have changed from two years ago, when he declared them to be "an inefficient and often wasteful way of rewarding effort.

"The whole chaos might almost have been designed to set people enviously against each other and so bring our system into contempt."

Liability

Whether he might be preparing another frontal assault on the company car will become clear on Budget day, March 15. But in any case a further albeit slight tightening of the screw will come on April 1, when the tax liability for the employee on his car will rise by a further 20 per cent.

This follows a 20 per cent increase in the 1981-82 tax year—barely keeping pace with inflation—and a second, also of 20 per cent, last year. But if a 60 per cent increase over three years sounds a lot, it has been on a scale benefit which in 1979 was estimated by the Inland Revenue to reflect only one third the true cost—for example to the private motorist—of running a car.

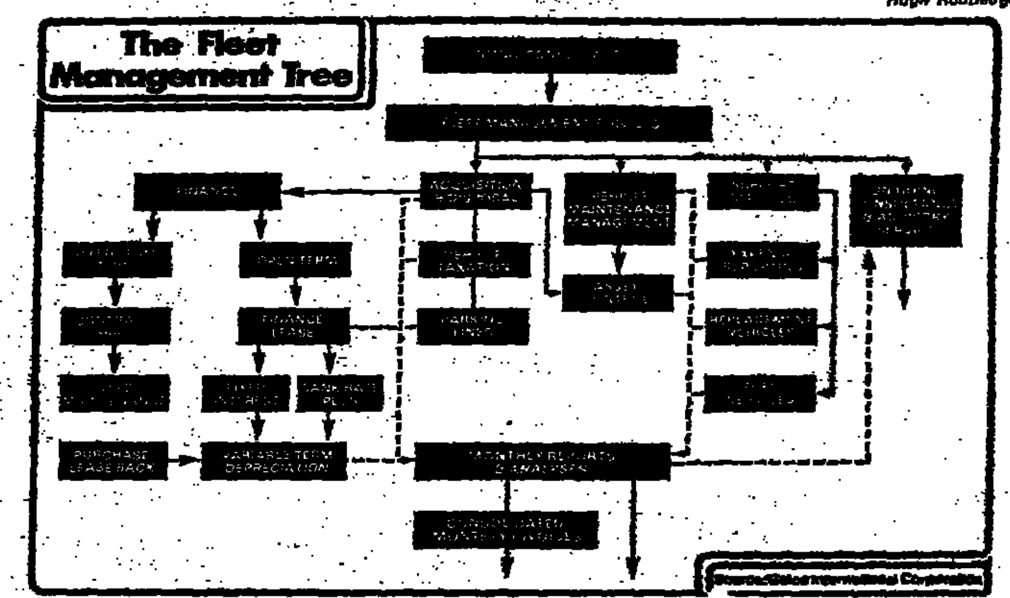
Where the Government has brought more company car users into the tax net is by leaving at £8,500 per annum the salary threshold at which tax on the benefit becomes payable. The £8,500 figure, originaly regarded as the break point between the "workers" and the "higher paid"—and similarly for the point where "tool of trade" cars and perk ones begin—has been left untouched for five years.

Even so, compared with the private user, the company car man gets a bargain. Even with the impending 20 per cent increase, the assessed taxable benefit of a 1300 cc car up to four years old is £325, on one of 1.3-1.8 litres, £425 and over 1.8 litres £625.

If the driver also gets free company fuel for his private motoring, all the above figures are doubled.

Hugh Routledge

Mr Tony Semper, manager of Ford's Fleet and Leasing Operations with the Ford fleet range (from left to right) Granada, Fiesta, Sierra, Escort and Capri



THE ABOVE chart illustrates the principle elements of services available under the generic term of fleet management, including contract hire and finance leasing (see left of diagram).

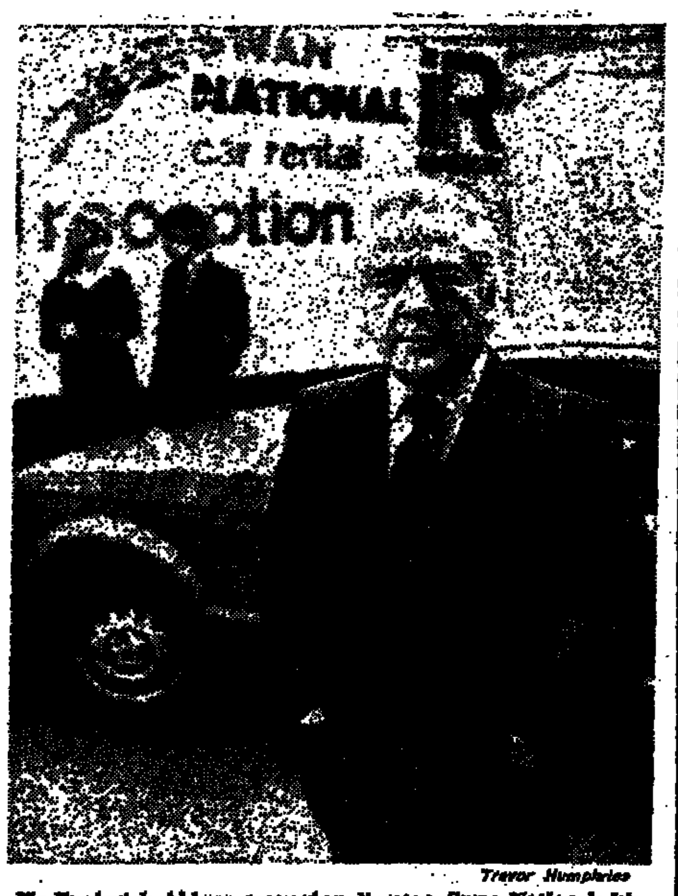
In this diagram, the cross-linkage with direct services for managing a client's own fleet (right) arise from Gelco's unusual role in operating an extensive contract hire division as well as management services.

In the case of the contract hire and finance leasing operations, financing is carried out through the lessor.

In the fleet management scheme, the choice of financing, including cash and hire purchase, is open to the client company.

Under the fleet management scheme, consolidated monthly invoices to the client company are on an actual-cost basis.

In the contract hire field, there has tended to be a move towards all-costs disclosure in arriving at rental rates. Swan National, for example, now includes the cash cost to the client of its own profit margins in setting out rental agreements.



Trevor Humphries

Mr Frederick Aldous, managing director, Swan National: his company estimates the growth potential in contract hire in the UK at 7½ to 8 per cent.

Cost pressures

CONTINUED FROM PREVIOUS PAGE

There are indications that they are having some success, although many companies continue to favour in-house distribution as the method over which they have the closest control.

The system chosen by any company should reflect considerations such as: interest rates, the cash flow position in the company, profitability, the importance of personal service, and many others. It might, for example, make sense for a profitable company to take advantage of the capital allowances on commercial vehicles by going in for outright purchase.

Other companies will be reluctant to make the initial commitment of purchase, and some will prefer that capital items be taken out of the balance sheet as offered by leasing (although this may change if Exposure Draft 29, the accountancy standards proposal which aims to put finance leased assets back in the balance sheet, is adopted).

Whatever the method most suitable for a particular company, whether for cars or com- demonstrated a remarkable lack of knowledge by more than a third of the managers interviewed, who did not know the various advantages and disadvantages between the main methods of acquisition. It also revealed that an even higher proportion are unaware of Exposure Draft 29 and its possible implications.

Other examples of lack of awareness on the part of managers with responsibility for fleet cars was demonstrated by an analysis of repair costs charged to companies which had recently contracted the management of their fleets to PHH Services, one of the world's largest vehicle leasing companies. One client had been overcharged on servicing and repairs by up to £20,000 a year.

Specialist fleet management operators, and contract hire companies, obviously have an interest in highlighting some of these facts. It does suggest, however, that the pressures to achieve cost efficiencies which have been an important ingredient in management practices in most areas in the past couple of years have not always been extended to the company's management of fleets.

Importers are now aiming for increased fleet sales

Stronger marketing of foreign cars

THE MARKETING policies adopted by continental car manufacturers are aimed primarily at the status appeal of foreign cars. After all, when the bulk of the company car business is tied up by Ford and BL, the key selling point for an Alfa-Romeo or an Audi is the fact that it is different from the rest.

Many corporate giants, however, remain wedded to the Buy British concept and plump for a Ford, BL or Vauxhall car for their salesmen up to senior directors. But an increasing number of smaller companies are being wooed by Continental car importers with special rates as well as the offer of something different to the run-of-the-mill Cortina or Granada. Advertising agencies, accountants and other professionals are especially keen to buy foreign cars for their admittedly small fleets.

One of the importers which has made a big impact in the past 12 months is VAG (UK), the Lonhro subsidiary which imports VW and Audi vehicles. VAG has doubled its penetration of the fleet market over the past year, with about 20,000 cars—or 20 per cent of its UK sales—now accounted for by fleet operators.

This rapid increase is a result of the setting up of a specialist fleet management department some two and a-half years ago, while previously there had been no special effort directed at the fleet market. VAG has 8,000 fleet users registered with its dealer-network, with its market broken down into various sectors depending on the size of the fleet.

Not surprisingly, VAG has tended to be most successful at the smaller end of the market—operators with five to 25 cars—but VAG has also made some inroads into the large fleet (300 plus) sector. About 45 per cent of its sales are in the bottom end, with just under 30 per cent at the top end.

The Renault 18—one of Renault's most popular fleet cars.

VAG's success at the top end of the market stems from the "status" gained by a senior manager who has an Audi 80, for example, rather than a Ford Granada. At the lower end of the market a VW. Golf or Polo also has considerable attractions.

VAG, however, is determined that the up-market appeal of its range is maintained and that it does not follow the market leaders into a discount war with dealers. It believes that concentrating on giving large dealer discounts may be damaging to the up-market appeal of the product.

Alfa-Romeo is also pushing the status-appeal of its cars to fleet owners; it has some 9,000 cars in the fleet market at present, but is looking for a 15,000 stake in the near future.

One advantage it believes it can offer is that fleet managers can often "down-size" by using the Alfa-Romeo status. For example, an executive may be more willing to take a smaller engined Alfa-Romeo than a larger Ford simply because of the status of having an Alfa-Romeo. Like VAG, Alfa-Romeo concentrates on the small and large ends of the market where it probably has most to offer.

However, it has made some moves to tackle the residual value problem that has made some imported cars less attractive to fleet operators in the past. This problem is that the second hand market for some specialist cars is not large enough—or sufficiently well-organised—to provide a stable market for fleet operators to sell used vehicles. Alfa-Romeo in the past year has virtually set up its own used car operation to establish a good second-hand market and hence increase the residual value of its cars.

Alfa-Romeo also sees a growing demand for its cars from senior executives, especially in banking corporations, who are given the freedom to choose a particular car within a specific price range. It has increased its exposure to a prime target market by a recently agreed deal with the staff of the Professional Golfers' Association's UK headquarters at the Belfry, near Sutton Coldfield.

Renault has some 12,000 cars in the UK fleet market at present, with expansion anticipated at about 13,500 by the end of this year. Its most popular fleet car is the Renault 18TS, which competes in the same market segment as the Cortina, Sierra and the Vauxhall Cavalier. It believes Renault reliability is a key reason why its cars are becoming more popular with fleet managers, but also cites low operating costs and comfortable styling as other factors. Residual values for Renaults are also generally high.

The main continental car importers are keen to establish a presence in the car rental business as well as the corporate fleet management set-up. Alfa-Romeo has just concluded a deal to provide Godfrey Davis-Europcar with some £500,000 worth of vehicles—the Alfasud, in fact. Avis has a number of Audi and VWs among its car fleet, and VAG aims to have a stake in most of the car hire companies.

Under a recent deal with Henlys, the motor retailer, about 1,000 Renaults out of a total of more than 7,000 new cars will be provided by Henly.

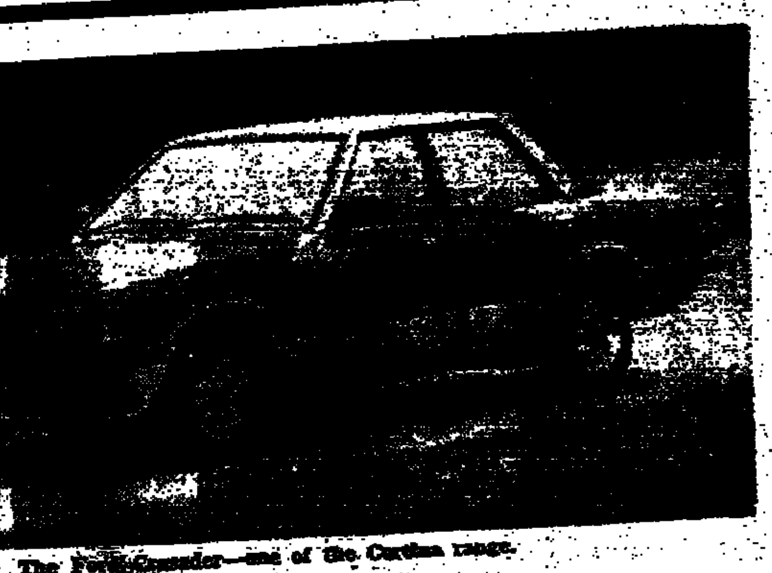
As part of their "drive" into the UK fleet markets, the continental companies are improving their dealer networks and servicing facilities. VAG has some 400 UK dealers, a number of which offer express service for fleet operators. Alfa-Romeo has 215 dealers "strategically placed" around the country. It also does not believe in having too many dealers competing with each other since this can lead to the sort of trade margins discount war the importers are seeking to avoid.

Alfa Romeo has introduced a Serviceplan which fleet operators (and others) can buy to increase protection.

Renault has more than 400 dealers and 800 service outlets.

The marketing strategies of all the major continental car importers, therefore, appears to be to chip away at the fringes of the massive fleet market and use their obvious status-appeal to capture the sales the UK assemblers cannot grasp.

David Churchill



The Ford Cortina—one of the Cortina range.

The departure of Ford's best-seller opens the battle for market share

Waiting to match the Cortina's success

FOR THE fleet business in Britain, 1982 was something of a watershed. The Cortina, the fleet's favourite car for many years, went out of production.

Ford rose to its pre-eminent position in the UK car market on the strength of the Cortina's success — the car had been Britain's best-seller in every year but one since 1971. (In 1976 it was topped by the Ford Escort).

In its heyday the Cortina accounted for 12 per cent of total British new car sales and one quarter of Ford's output in Britain. And in recent years seven out of 10 new Cortinas have been bought by companies.

Twenty years ago, when the first Cortina was launched, Ford struggled to reach a 20 per cent market share. Today the group would be disappointed with less than 30 per cent.

To achieve this growth Ford carefully nurtured the fleet market which in Britain doubled in size during the 1970s.

And when it comes to fleet business, two elements seem to be essential: a large, well-spread dealer network and a broad range of cars.

Ford has about 1,200 dealers (including 600 main dealers) and reckons this puts any customer within five miles of one of its retail outlets.

At the same time the company has a range of cars suitable for anyone in a business who needs or is entitled to one, from the most junior rep to the most senior management.

When Ford's research showed how fast the fleet business was developing, it made sure that all its dealers could cope — the fleets make very different customers from private individuals.

To sell to a corporation the salesman needs to be a specialist capable of selling in a business-industrial environment who can understand his customers' business problems.

Ford has replaced the Cortina with the Sierra which has a much more dramatic and aerodynamic shape but whose mechanical bits and pieces are fairly familiar to the fleets.

And it is confident the fleets will remain faithful because 80 fleet customers took part in the Sierra development programme and their advice was heeded.

Start-up

In December the Sierra, launched three months previously and still in its start-up phase of production, took fifth place among Britain's best-selling cars. Ford expects that it will battle away with the group's own Escort for first place throughout 1983. Last year the new Escort moved into the number one slot, with 166,942 registrations compared with 135,745 for Cortina in its run-out year.

However, Ford's major North American rival, General Motors, the world's largest automotive group, has other ideas.

It launched its "world car," the "J" car, a year ahead of the Sierra—and the timing was extremely fortuitous from GM's point of view. It enabled the "J" car, sold in Britain as the Vauxhall Cavalier but known on the Continent as the Opel Ascona, to become established in time to take advantage of the switch-over period when the fleets would perhaps be reluctant to buy the Cortina which was going out of production or to rush in with orders for the Sierra until others had had some experience of the newcomer on the road for a while.

In Britain the Cavalier has been more successful than Vauxhall dared hope. Early last year the company forecast that 70,000 Cavaliers would be registered in 1982. In fact, the total ultimately reached 100,081, which gave the car fifth place among the year's best-sellers.

It also helped boost Vauxhall's share of the UK new car market (or to be more precise, GM's market share because the Vauxhall and Opel franchises have now been combined in Britain) from 8.5 to 11.7 per cent.

GM intends to push that to 16 per cent by 1985 and recognises that it could not hope to achieve that level without doing better with fleet business. It has been recruiting experienced fleet field staff to "speak to operators in their own language," and generally attempted to improve the service offered.

The company had a public relations coup in October when Swan National Rentals, the Trustee Savings Bank subsidiary, ordered 5,000 Vauxhall cars for delivery over the following 15 months—said to be the largest single order for cars ever placed with a UK-based manufacturer and worth £25m at list prices.

The deal brought into the open the fact that Swan National, which previously mainly used Ford cars, is to switch half its fleet to Vauxhall.

Most of the cars Swan is buying are Cavaliers. Swan said it had had an initial batch of 260 Cavaliers to test demand from customers who are mainly business users and reaction had been so positive it had decided to make the switch.

BL had hoped to get some of the Swan business and the fact that it did not highlighted yet again its relative weakness in the middle of its car range and in just the type of models that the fleets buy in quantity.

BL had hoped for a 20 per cent new car market share in 1982 but failed to forecast the extent of the competition in the medium car sector. It had to make do with just under 18 per cent.

But the group, the only wholly-British company in the business, is preparing the ground carefully for its comeback. The dealer network, still over 1,500 strong, is being weeded of outlets unlikely ever to be viable and strengthened. And the dealers have been constantly reminded in training sessions just how important the fleet market is in Britain.

At the same time operations have been reorganised into five regional fleet sales-and-service offices, each under its own manager. BL believes this enables it to respond much more quickly to fleet customers' requests and requirements.

All that is now required are the new models. The wait will not be long because the first of BL's new medium-sized cars, code-named the LM10 but which we now know will be called Maestro, will be launched this spring to be followed within a year by LM11. Maestro is a hatchback, LM11 will be a booted version which the fleet will probably prefer.

BL took great care to involve the fleet customers from an early stage in the development of these cars.

However, the group has not only to regain ground lost to Ford and GM. It also has to reckon with the competition from the Continentals. All the European groups with a full range of car models—Volkswagen, Renault and Fiat—seem to feel their products are worth at least 4 to 6 per cent of the British market and they know that to reach this target they must either maintain momentum in the fleet business or do better in that part of the trade.

The Peugeot-Citroen-Talbot group already is at that level, thanks to its position as a producer with a British base through Talbot UK.

Kenneth Gooding

UK CAR REGISTRATIONS

	1982	%	1981	%
Total UK produced	657,471	42.28	658,091	44.32
Total imports†	897,556	57.72	826,622	55.68
Total market	1,555,027	100.00	1,484,713	100.00
Ford*	474,192	30.49	459,365	30.94
BL*	277,260	17.83	285,071	19.20
General Motors (Vauxhall Opel)	181,737	11.69	127,141	8.56
Peugeot Group—				
Talbot*	56,149	3.61	68,048	4.58
Citroen	24,149	1.55	27,395	1.85
Peugeot	19,636	1.26	17,805	1.19
Total Peugeot	99,934	5.97	113,248	7.62
Datsun	93,213	5.99	88,209	5.94
VAG (VW-Audi)	92,435	5.94	80,221	5.40
Renault	64,147	4.13	72,041	4.85
Volvo	51,707	3.33	44,558	3.00
Fiat Auto	48,808	3.14	61,977	4.17

* Includes cars from companies' Continental associates which are not included in the total UK figure. † Includes imports from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders.

UK'S TOP 10 BEST SELLING CARS

	1982
Ford Escort	166,942
Ford Cortina	135,745
Austin Metro	114,550
Ford Fiesta	110,365
Vauxhall Cavalier	100,081
Vauxhall Astra	46,412
Triumph Acclaim	42,138
Volvo 300 Series	39,412
Datsun Sunny	28,767
Ford Granada	28,590

Source: SMMT.

VEHICLE FLEET MANAGEMENT V

John Griffiths on the role of the fleet management specialists

Taking over from the amateurs

OVER A six-month period last year market researchers Makrotest dug around in 1,798 UK companies for their car fleet acquisition and operating policies. They came up with a can of worms. For example:

- More than a third of executives responsible for buying or funding their fleets appeared unable to identify the pros and cons of the four main acquisition methods—cash, finance leasing, contract hire or hire purchase;
- Over three-quarters of executives operating contract hire and 70 per cent operating finance leases were unaware of Accounting Standards Committee Draft 29, which if finally approved will require finance-leased assets such as cars to appear on companies' balance sheets;
- Some 46 per cent of all companies surveyed operating 10 or more cars still used hire purchase, potentially the most expensive form of acquisition (although cash remained the most popular route, with 75 per cent of all companies opting for it).

The findings for running and maintaining fleets were little more complimentary.

Tax bonuses

The survey was commissioned by Lex Vehicle Leasing and in published form discreetly refrained from direct comment on the abilities of many of the executives involved.

But it was impossible to escape the unstated conclusion that many companies have been nothing like so rigorous in examining the costs and efficiency of their vehicle fleets as they have been in undertaking cost-cutting and efficiency measures in the mainstream of their businesses under the pressures of recession.

To some extent this is a reflection of the way internal company fleet management has developed. Encouraged by favourable tax regimes company or other business car acquisitions have grown to the point where they account for almost five of every 10 new cars sold.

Quite apart from much increased "legitimate" business use — by salesmen and other forces in the field — the incorporation of "perk" vehicles into managers' and executives' remuneration packages had grown rapidly over recent years until stopped short by the business downturn.

So company fleet managers have faced not only the handling of fleets much bigger in unit terms but also fleets of a much more complex nature because in many cases managements allowed executives to pick almost any vehicle they liked within a given price band—with some of the imported marques chosen displaying horrific depreciation rates.

Yet the man in control of this greatly increased overhead has often been ill-equipped to exercise it. The task has been seen as an extra chore for the finance director, as a convenient niche for an executive of advancing years whose mainstream business slot is seen as being better filled by a younger man, or entrusted to a well-qualified fleet manager whose qualifications, however, are much more related to effective distribution or sales force deployment than the hard economics of actually operating the fleet.

A number of developments have come together to throw the burden of fleet owning and operation into much sharper focus.

Fuel, maintenance and repair costs have, of course, escalated sharply: the steep inflation in new car prices of 1979, followed by fierce discounting in the car market as the recession bit, played havoc with residual values.

Companies for a time found themselves with exceptionally high replacement costs and where they delayed replacement to avoid heavy capital outlays found themselves in a minefield of escalating repair charges.

Only in the past few months have the true costs of current fleet operating emerged, as inflation has dwindled and the replacement cycle begun of vehicles acquired during the early price-cut wars of 1980.

But one factor above all has turned the company fleet into a major headache.

In the manufacturing sector particularly companies have slashed work-forces by 30, 40, 50 per cent or even more. But those lost employees have gone mainly on the shop floor; they were not car users. So while a company may have cut its workforce by 40 per cent, the need to keep its marketing and sales team means that the vehicle fleet may have dropped by only 10 per cent or less, with the result that the costs of the vehicle fleet have made a big jump towards the top of the overheads table.

In those circumstances it is perhaps not surprising that fleet management specialists perceive that conditions are ideal for expanding business among the estimated 6,000-plus UK companies operating fleets of 25 vehicles or more.

To date it must be said that they are still only nibbling at the fringes of the 2.8m company-registered vehicles currently on Britain's roads.

There are a number of reasons for the relative slowness of growth.

First, external specialist fleet management is a U.S. concept unknown in the UK before 1972.

It began in the U.S. as closed-end full maintenance leasing (contract hire in UK parlance). Over the years U.S. companies' growing preference for fleet operations based on lowest actual cost—rather than paying a premium for the known fixed costs of contract hire—has seen fleet management become dominant.

The UK in 1972 was, according to Mr Ivor Rowe, managing director and president of Gelco, roughly in the same position as the U.S. 10 years previously, with a maturing contract hire market seen by Gelco as a natural stepping stone to fleet management.

But it was inevitable that breaking into an entirely new market would be an uphill slog.

First, they faced a chicken and egg situation. The essence of specialist fleet management is a comprehensive data base over a wide spread of managed vehicles in the operating country. So convincing customers of their abilities in the early days was difficult in the face of established hire and leasing competitors.

At the time the sophistication of computer processing was considerably less than now. But the pace of development in this field is still accelerating, to the extent that the quantity and variety of data on every conceivable aspect of fleet management has opened up a huge gap between in-house company fleet records and the information available to the specialists. This increasingly augurs well for the specialist industry's future.

Pride

"Pride of ownership" was also a significant element in the UK, although in the U.S. it had long since been replaced by a concern with simply making the best use of an asset prone to an awful lot of liabilities.

The "pride" lay in the perception that a company should own and manage its vehicles. It was thus inevitable that company fleet managers would argue against letting in the specialists, for the sake of their own credibility—and jobs. That now has faded.

What has not happened is the expected dwindling of contract hire business in favour of fleet management. Certainly, there was contraction, particularly during the period when tax loopholes made finance leasing particularly attractive.

But a large element in the resumed growth of contract hire is the economic situation, past high interest rates and the sharp increase above the rate of inflation in car prices (see accompanying chart), which when they collapsed brought residual values tumbling down as well. Thus many companies have continued to seek the security of the controlled budgeting offered by full-maintenance contract hire, even if there is an inbuilt premium to be paid.

With new car prices now expected to rise at less than the rate of inflation the expectation is that there will be room for continued growth by both sides of the fleet business. Gelco's forecast, for example, is that near-term growth for both should be in the order of 10 per cent per annum.

Whether or not a client company gets value for money out of going to a specialist depends obviously on the managing company's expertise. The concept itself is straightforward enough.

The managing company takes over total responsibility for buying the fleet — by whatever method the client company chooses; selling the vehicles and organising their replacement; and overseeing repairs and maintenance.

This management is on an actual-cost basis. There are no margins for the managing company on sales or running costs and any savings made are passed on to the client in full.

The return for the fleet management company is a fixed fee negotiated with each client.

Although there is much close co-operation with manufacturers in terms of buying and running cars, the majors in fleet management are independent of them. Because they are ordering cars per year running to thousands, they can obtain better discounts than even the 1,000-strong fleet-owning individual company. They deal directly with the maker.

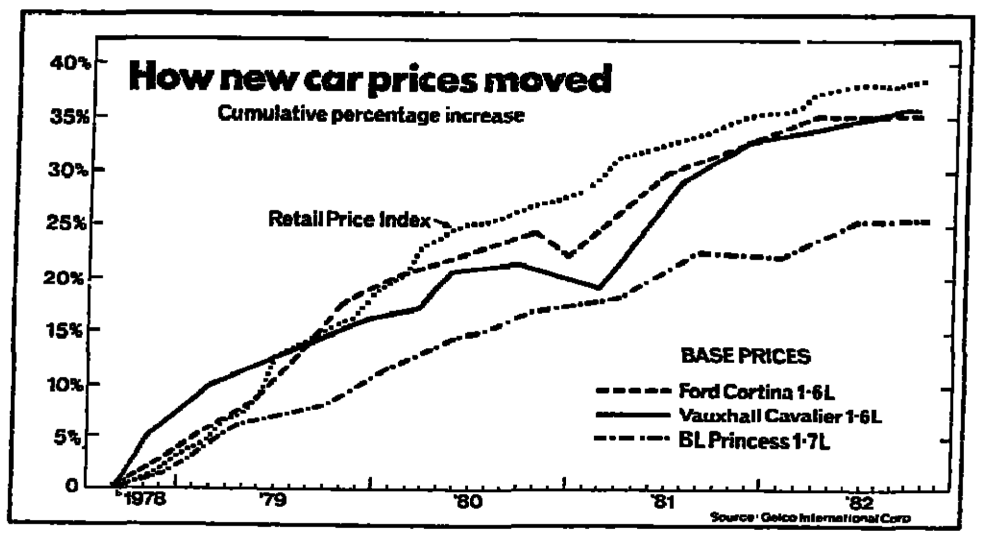
They also have extremely strong leverage at the servicing and maintenance level because cars are delivered through the dealer network in the normal way. Because all bills are sent directly to the management company — its client gets a monthly actual cost bill — the management company effectively has its own captive dealer network.

Contained within the company's databanks are manufacturers' scheduled service times and parts costs which, together with a vehicle's previous history being on tap, allow close monitoring of whether or not charges are justified.

As part of the overall process the experience gained over several complete replacement cycles allows the management company to advise on which vehicles are best to purchase in terms of whole-life costs, as well as their suitability to a required function.

If the growth forecasts for fleet management are confirmed, almost certainly the business will continue to be dominated by Gelco and PHH, for the simple reason that their data banks are now so large it would be difficult for any new rivals to catch up.

"The state of the art is now such," claims Roy Foster, general manager of Gelco's fleet management operations, "that the investment needed to stay ahead of the game is so substantial that there is no chance of an individual company competitively going it alone."



Profile: Lease Plan

Getting the sums right

LEASE PLAN UK, the contract hire and fleet management company, was set up in 1979 and is part of Lease Plan (Netherland) which has six subsidiaries operating in this field in Europe.

Lease Plan (Netherland), the largest leasing company in the Netherlands operates more than 30,000 cars and commercial vehicles throughout Europe with some 3,000 in the UK.

Lease Plan UK, with its head office in Ruislip where it employs 20 people, offers three services to customers; contract hire; fleet management and a combination of the two which it calls "Open Calculation System." It does not offer commercial vehicles.

Mr Norman Donkin, managing director of Lease Plan UK explained: "The Open Calculation system," he said, "is the system which is at the centre of our marketing strategy."

Disclosure

"We, for example, will run a car for a fixed monthly rental with any combination of services such as maintenance, licensing, insurance or fuel.

"We also give the customer a complete disclosure of costs and how the rental is made up. Then we can apply the fleet management approach and try to control costs. For example, if having done the initial calculations we offer a Vauxhall Cavalier to a fleet operator who changes his cars every two years for £200 a month and we find that it costs £180 a month to run we will refund the £20. If it costs £230 a month to run there is no extra costs.

"That means we have to get our sums right. We do it on a fleet basis and it is a unique system in the UK. It is, we believe bringing together contract hire and fleet management.

"About two thirds of our fleet is operated on this basis. The other third is either contract hire or finance leasing. There can be variations in these two areas as well."

Lease Plan UK started business in 1980 and according to Mr Donkin the company is still in a "strong growth phase" despite the recession.

The fleet nearly doubled in 1982 and while the recession will inhibit growth in 1983 the company expects to add another 1,500 cars in the year.

Profitability of Lease Plan has been "modest" but will improve! "We are making an acceptable return on capital invested and are well satisfied with the development of the company."

The market is described by Lease Plan as extremely competitive with some companies quoting "suicidal rates."

"We are not in business to offer the lowest possible rental but a management service. We are in the middle price range and concentrate on the service element."

According to Mr Donkin the trend in the industry is away from traditional fleet management which left the risk with the customer. Therefore contract hire was likely to gain at the expense of finance leasing.

With finance leasing, the leasing company supplies the cash to finance the purchase of vehicles but standard finance leases do not normally include the supply and disposal of the vehicles.

With contract hire, which can be either non-maintenance or full service, the leasing company buys, delivers and disposes of the vehicles involved.

Contributing to the growth of contract hire are interest rates, residual value and maintenance costs.

Companies have not tended to downgrade their fleets during 1982, Lease Plan claims. "The company car is so ingrained in the system that it would be very difficult for a company to downgrade for example from a Ford Sierra to an Escort."

Companies have, however, been trying to use cars which they believe to be the most cost effective and last year, with the Cortina being phased out the trend was for customers to want the Vauxhall Cavalier, not the Sierra. "We have lots of Cavaliers coming into the fleet because the Sierra has been slow to catch on."

Lease Plan believes its growth in the maket has been aided because of introductions to multi-nationals for example by other Lease Plan subsidiaries abroad.

Lisa Wood

Profile: Wincanton

Cars the new growth area

CONTINUED success in the contract hire and transport activities of the Wincanton group, part of the Unigate dairy, food and non-food company, helped to produce improved profits for the transport services sector of Unigate in 1981-82.

The results were a record for Wincanton, the company said. The Wincanton group had a year of "excellent growth" and the expansion of its contract hire operations is to continue.

This was all welcome news for Unigate chairman and chief executive Mr John Clement, who said the company's results as a whole were at a "virtual standstill" in 1981-82, with turnover at £1,504m compared with £1,348m and trading profits at £46.7m compared with £40.0m in 1980-81. Unigate's commercial transport service activities, which comprised Wincanton and the specialist removers Giltspur Bullen, contributed a profit for the full year to the end of March 1982 of £6.2m.

Licences

The Wincanton group operated about 5,200 licensed vehicles in its transport, contract hire and self-drive fleets in the last financial year.

● Wincanton Transport carries goods for Unigate companies and provides transport services for other manufacturers on a vehicle rental basis. These activities provide the major operations of Wincanton Transport.

The company reported "substantial profit increases" and a further increase in the size of its vehicle fleet to some 2,000 vehicles in the Unigate transport and vehicle rental fleet. New transhipment depots for chilled products were set up at Uttoxeter, Chippenham and Brentford and new transport depots were set up at Dewsbury, Southampton and Darlaston.

Immediately after the end of the financial year, Wincanton Transport acquired the Auto-Rental group at Stroud. This added another 400 vehicles to the fleet and was a further example of the Unigate policy of acquisition "where appropriate" to support the development of the company's successful activities.

● Wincanton Garages improved its profits in 1981-82 compared with the previous year. This was in contrast to the performance of the garage sector in general, where markets were depressed and profits in commercial vehicle sales especially weak.

The car contract hire fleet was increased to a total of over 3,200 vehicles and Wincanton Contracts, with its speciality in the rental of cars, has plans for more expansion.

● The commercial vehicle contract hire business of Unigate is dominated by Wincanton Vehicle Rentals. This was based at Western Avenue, London, until last year, when it was moved to the site of the new chilled products transhipment centre at Brentford, Middlesex.

Wincanton Vehicle Rentals continues to invest in up to date lorries and trucks and last year opened depots at Milton Keynes, Dagenham, and Southampton. Further openings will take place at Bristol, Nottingham and Reading by mid-year.

This follows Darlaston, where Wincanton Vehicle Rentals spent £3m to provide one of the most modern lorry transport depots in Britain. The company says it is on the look-out for further sites.

Few other transport companies would willingly have undertaken the £3m investment in the current depressed economic climate, but Wincanton has been fortunate to have access to funds which became available after Unigate sold its 15 milk creameries to the state-owned Milk Marketing Board for £87m in 1979.

Wincanton Transport, partly as a result of this investment, employs 3,500 people and has over 160 maintenance and transport depots in Britain.

One of Wincanton Vehicle Rentals' more unusual transport operations using contract hire vehicles is with the English National Opera. All the opera company's bulk transport needs are met by vehicles provided by Wincanton.

The English National Opera had previously operated a fleet of old, high maintenance cost trailers. There were not tailor-made for specialist opera transport operations and were difficult to operate in towns.

The opera company is to take its newly acquired Wincanton trailers to the U.S. when on tour there next year.

The vehicles are operated under Wincanton Vehicle Rentals' normal commercial vehicle contract hire arrangement. The sponsorship by Wincanton of the English National Opera is a separate arrangement and takes the form of Wincanton Vehicle Rentals becoming a corporate member of the ENO.

Mr Peter Hemmingham, the managing director of Wincanton Vehicle Rentals, is pleased with the developing relationship with the opera company and especially welcomes the ENO's meetings arranged so that corporate members can meet informally.

This is a sound source of business contacts, Mr Hemmingham believes, and the company is likely to reap the benefits from further contract hire arrangements when these corporate members learn of Wincanton's role in providing a transport fleet for the opera.

Looking ahead to Wincanton Vehicle Rentals' business strategy this year, Mr Hemmingham points out that the company is "still looking for further acquistions" in the fleet management and contract hire business.

With access to the funds of Unigate, the parent group, Wincanton Vehicle Rentals is not likely to be constrained by a shortage of capital. A more likely constraint, Mr Hemmingham says, is a shortage of good quality people to take on the work of growing with one of Britain's fastest growing contract hire and vehicle rental companies.

To help overcome this limitation, the company has a well-developed training scheme for graduates.

Lynton McLain

Roger Taylor

Peter Hemmingham, managing director Wincanton Vehicle Rentals, part of the Wincanton group.

Profile: Gelco

A foot in each camp

SPECIALIST vehicle fleet management in the broadest sense—the manner in which a client company's vehicle fleet is provided and operated—currently bears some relationship to politics at Westminster.

On the one side, the contract hire companies tend to throw mud at the companies specialising in managing a client company's own fleet. This is usually on the grounds that expert though they may be at minimising acquisition and operating costs for their clients—it is still the latter who carry the financial "can" if the management companies get it wrong.

The counter-fire takes the form of claims that while full-maintenance contract hire might remove the big risks for a client company—such as the 1980-82 crash in used vehicle residual values—the hirers build in plenty of margin for themselves to cover the risks. So the end result is a higher net cost to the client.

Much like the electorate, potential client companies stand in the middle, wondering which way to jump.

Gelco International Corporation, with headquarters in Manchester, 20 branches, 120 employees, 7,500 accredited dealer/service outlets, 25,000 vehicles and a large room crammed full of computers under its control, is unusual in having a foot in each camp.

While two-thirds of its business is in management of clients' own fleets, a substantial portion of revenue comes from Auto Contracts Gelco, its contract hire division.

There is room, insists president, Mr Ivor Rowe, for both. They are complementary—not cut-throat rivals.

He quotes the example of two client companies: First, a manufacturing concern with two different product operations. One is price-sensitive, requiring strict budget planning and employing a high proportion of mobile sales and marketing staff. Its priority is fixed budgeting and the logical way of achieving it in terms of fleet costs is through contract hire. The other runs a much less homogeneous fleet and is more concerned with its actual cost, a suitable case for fleet management.

Second, an auditing company. The partners want freedom of selection, freedom of financing period and participation in the reselling of their up-market cars. Again, a clear-cut candidate for fleet management. But they employ managers whose cars are part of their remuneration packages. The partners want those vehicles as a fixed, clearly identifiable cost, much like the managers' salaries. Contract hire is again the obvious answer.

Gelco handles both sides of each company's vehicles operations. The essence of the business, says Mr Rowe, is that "if you want to pay a premium in order to fix your costs, it makes sound sense to go contract hire. If not, then the sensible route is fleet management."

The analogy with insurance can be expanded for the larger client. A concern operating a large fleet does not insure it comprehensively, for the simple reason that the likely casualty rate among a large fleet will not justify the extra premium. The same consideration applies in the contract hire versus fleet management debate.

Sensible

What both sides of the industry do agree on is that the one route that is not sensible is for a company to wrestle with fleet complexities on its own, when its real expertise lies in other forms of business.

"As far as we're concerned, there's plenty of room for both sides to grow," says Mr Rowe, a 25-year veteran of the fleet and leasing business. "We call ourselves a fleet management company, offering a consultancy service, because we simply say to a client "let's look at what you want, whatever the service, because we don't have an axe to grind. We're not knocking contract hire or fleet management."

During the tax loophole-induced finance leasing boom, he says: "there were a lot of so-called fleet management guys who went into the business for the leasing revenue but who didn't really want the hassle of actually looking after cars. We have come from the other direction. We said, 'We'll look after the vehicles, acquire them, market them as used, look after maintenance and breakdowns for you. If you want financing as well—sure, have a finance lease. But if you don't we'll get the vehicles and finance them whichever way you want'."

Gelco's initial involvement with a client is usually an invitation to sit in on a cost-saving committee " which goes through the normal sequence of looking at receivables, etc. They look at their inventories. They've got their stocks down. All of a sudden they discover what our sales and marketing people have been trying to tell them for years: that the biggest thing next to paying the people who work for them is more often than not the damn car fleet."

By Gelco's estimates, says Mr Ian Buckley, general manager of Gelco's contract hire business, UK business is spending £4bn a year to acquire cars. Given the recession, "how can they take £4bn out to buy motor cars? The numbers are now so large they just have to confront them face to face."

Gelco's fleet management package covers controlling maintenance and repair costs, acquiring and disposing of vehicles, providing temporary replacements, finance as required and ongoing consultancy.

Given the total capital outlay each year on vehicles by the business sector as a whole, it is not surprising that a proportion of Gelco's customers opt for some form of finance leasing arrangement; nor is it surprising that Gelco has the purchasing muscle to obtain vehicles and service/repair parts at maximum discounts. Without these basic ingredients no company seriously setting itself up as a fleet management specialist could hope to survive.

Expertise

The major expertise in the business is more elusive: recommending the right cars best suited for a particular company's needs in the light of operating costs, spreading the model mix to avoid too much dependence on a single manufacturer; knowing, via the databanks, precisely where to go and when for best residual values, and — not least — ensuring that clients are not overcharged (referred to elsewhere in this survey) by servicing and repair outlets.

Mr Roy Foster, Gelco's general manager of fleets, claims that the combined result of this expertise can be a 37 to 40 per cent saving on the historical cost of a company's in-house fleet operation.

John Griffiths

Mike Aaron

Mr Ivor Rowe, president, and his team at Gelco in Manchester: two-thirds of their business is in management of clients' own fleets but the company is also involved in contract hire

Hugh Routledge

Mr James Mercer, executive director of Camden Motor Rentals: "most of our business is on a Buy British basis"

Profile: Camden Motor Rentals

Further growth expected

CAMDEN MOTOR RENTALS, a subsidiary of Mercantile Credit, was set up in 1957 as a rental and contract hire company.

Real growth of the company, based in Leighton Buzzard, began in 1962 and grew progressively to the current complement of cars and light commercial vehicles of about 5,200.

The majority of the fleet is cars — 65 per cent Ford with an increasing Vauxhall Cavalier content — with the light commercial vehicles being mainly related to car customers' needs.

The majority of the business is contract hire, mainly on two or three year contracts, with or without maintenance. Then customers can add AA/RAC membership, availability of replacement vehicles or fleet insurance. The latter is not usually demanded as customers cover this in their main insurance policies.

A very small part of the business is finance leasing. Mr James Mercer, executive director of the company, says there is a slight trend in his own business away from finance leasing.

This is borne out for the industry generally by a survey conducted by the British Rental and Vehicle Association which says that members generally saw growth being in the contract hire sector.

Camden Motor Rentals does not do vehicle fleet management as such. "We have not had many inquiries from customers" says Mr Mercer.

Cost conscious

Customers however, he says, are increasingly cost conscious and, in his company's experience, this often means considering whether or not a three year contract, instead of one over two years, would be acceptable to their staff. Camden's customers run fleets ranging from six cars to about 500.

"Most of our business is on a Buy British basis," says Mr Mercer, "either by name or manufacturer. We do not have many customers swinging over to foreign vehicles except for executives."

Last year Camden put out 2,700 new vehicles. "Ninety nine per cent go through our own hands," says Mr Mercer. "We do not buy from a dealer and get him to deliver direct. The reason is we try to keep up standards of vehicles. This is because if there is a problem with a car the customer contacts us."

In the financial year ended December last year Camden had a turnover of £13.8m with profits described by Mr Mercer as "an acceptable return." Camden has never made a loss. The cost of its cars on the road is £27.9m with a written down value of £20.6m. During 1982 the fleet has grown by 20 per cent with Camden targeting for a 25 per cent growth in 1983. "Disastrous is too strong a word to describe the effects on our accounts of resale of cars but there has been a complete turnabout," says Mr Mercer.

The company's relationship with Mercantile Credit is of benefit in that financial support and management and legal expertise are available if wanted. "But generally we are a locally managed company," says Mr Mercer.

Within the Camden group there are four operating subsidiaries: Camden Motors Ltd, Camden Motor Rentals, Camford Cars and a small finance business, Camden Acceptances.

Camden Motor Rentals is an approved dealer for Ford, Vauxhall/Opel and Talbot/Peugeot. On the 5.5 acres site in Leighton Buzzard, Camden Motor Rentals shares some space with the Motor Rentals company's workshops.

Lisa Wood

Profile: Dial Contracts

Changing the emphasis

DIAL CONTRACTS, part of the Mercantile Credit group owned by Barclays Bank and one of the largest company car hire specialists in Britain, responded vigorously last year to the growth in demand for contract hire services.

This demand for contract hire services has grown rapidly for many companies in the vehicle hire sector with the steady swing away from lease finance which followed the ending of some of the advantages of leasing with the Finance Act 1979.

Dial Contracts has specialised in both these forms of corporate car finance since it was formed in 1966 as part of Astley Finance, subsequently taken over by Mercantile Credit. Quite deliberately, however, it has recently made a "significant change in emphasis" towards more contract hire with its greater financial risks for the company providing the vehicles.

To help meet the demands for company car fleets last year, fuelled by the interest in contract hire, Dial Contracts expanded its hire fleet by 24 per cent to 15,750 cars compared with the previous year. It expects to have a similar "or better" growth rate this year with the emphasis again on contract hire.

The swing has been so pronounced over the past two years for Dial Contracts, that the traditional positions of contract hire and leasing have been reversed. In 1980, lease finance accounted for 55 per cent of the company's corporate car fleet finance business, with the balance accounted for by contract hire arrangements.

Last year, contract hire by the company dominated its accounts with 60 per cent of company car fleet business in this sector. In contrast, lease finance accounted for approximately 40 per cent of business.

The company believes that the underlying trend is even more strongly in favour of contract hire. This year, perhaps 80 per cent of its business will be on contract hire terms.

In general it is the larger companies, with upwards of 1,000 vehicles on contract from Dial Contracts, which have retained lease finance as the tool for funding corporate car fleets. These companies have sufficiently large fleets to be able to accommodate fluctuations in the cost-effectiveness of individual cars.

In spite of the changes in the make-up of the corporate car fleet market over the past two years or so, Dial Contracts successfully operated its car hire business at a profit. The company made a pre-tax profit of £2.1m after interest payments in 1981, out of a pre-tax profit for Mercantile Credit as a whole of £52m for the 12 months to the end of December, compared with £38m for the previous year.

Profits

"Substantially higher profits" are forecast for Dial Contracts for the current year, according to Mr Stuart Burns, the company's sales and marketing director.

The success of Dial Contracts in the vehicle contract hire business contrasts sharply with the performance of sister operations, also under the umbrella of Mercantile Credit, in France. In 1981, this company, Letting France, "incurred losses at an unacceptable level," with its fleet of 3,500 vehicles, according to the Mercantile Credit annual report.

These French contract hire operations were subsequently reorganised with the aim of restoring profitability.

In Britain, Mercantile Credit has two companies to cover the whole spectrum of car rental and hire. Dial Contracts specialises in meeting the needs of the corporate car fleet customer and Camden Motor Rentals, another subsidiary company, provides a service for the private sector.

Dial Contracts is prepared to handle corporate car fleets ranging in size from 25 cars to several thousand cars. To help meet demand, last year, the company invested a total of £41.2m in 8,000 new cars for company use.

The company has a computerised vehicle records system to ensure comprehensive management information about each vehicle on contract hire or on a lease agreement. Historic, current costs and future trends are all covered by the computer.

It has also introduced, or is about to introduce three associated services to enable it to compete even more effectively in the contract hire and leasing market.

The first of these new services to accompany contract hire is a fully comprehensive insurance cover. This has been arranged with Hogg Robinson and provides for fully comprehensive insurance to be included as standard in Dial Contracts' contract hire arrangements.

"The provision of insurance cover means that we are now able to offer company and fleet operators a total package where a single monthly payment takes care of all vehicle operating costs except the petrol they put in their tanks," Mr Burns said.

The insurance part will be based solely on a fixed percentage of the vehicle value. There are expected to be "significant advantages" in terms of streamlining administrative procedures for the customer.

Dialcard is another of the recent improvements to contract hire and leasing services offered by the company. The card, launched through a subsidiary, Dialcard Limited, covers the purchase of petrol, diesel or liquid petroleum gas, servicing, maintenance, repairs, tyres and batteries.

Dialcard takes effect next month and will be operated through a national network of service stations. There is no charge to the outlets for fuel and other services available on the card.

Dial Contracts believes that customers could show annual savings of £200 per vehicle "if they make efficient use of the management information that will be provided by the card's computer-controlled systems."

Maintenance

This will be in the form of a monthly analysis of individual vehicle and fleet performance.

Talks have taken place between Dial and over 500 fleet users operating between them over 80,000 vehicles. The total annual running cost of this combined fleet is put at £136m.

Finally, Dial Contracts has just launched its first venture into the contract hire of commercial vehicles. This is to be backed by a network of 100 depots.

The new commercial vehicle contract hire arrangements cover heavy goods vehicles, light trucks, vans, delivery vehicles, trailer units and public service vehicles.

Each of these classes of vehicles is available on the basis of fixed price contracts to cover all expenses in fleet running, at an agreed, all-in monthly rate, excluding fuel and oil and the cost of the driver.

Lynton McLain

Profile: PHH

Computers help cut costs

CONTINUAL investment in new computer systems has been one of the key elements in the success of PHH Group, the American fleet management and executive relocation company.

This investment, which has also been strong in Britain, has enabled the company to restrict the costs involved in providing its mainly blue-chip customers with fleet management services, according to its chairman, Mr Gerry Geckle.

He said that the U.S. company was spending about £7.5m a year on research and development in this area. "No one else can afford to spend this kind of money on software, and it provides us with great economies of scale which we pass on to customers," he said.

Mr Geckle, whose company bought cars in the U.S. worth more than £300m in 1981, has recently overseen a major restructuring of its finances during which its £45m equity base has been increased to more than £27m in the past three years.

After some early concern over the company's high debt-equity ratio, U.S. analysts have recently reappraised this in the light of the credit ratings of PHH customers, who assume risk on loans, with the result that it now has top ratings as a borrower.

Resilient

The company's structure has also proved extremely resilient to both inflation and recession, one of the points made by Mr Geckle during recent discussions with City analysts and portfolio managers.

The UK is important to PHH, as a financial centre and as its major overseas operating base which is likely to play an important part in further expansion into Europe. A further £3.2m has recently been invested in Britain and a £30m long term credit facility to fund leasing operations.

Much of the investment has been in new computer systems at PHH's UK headquarters in Swindon, from which 10,000 service outlets are controlled. The company, with a turnover of around £125m, has recently amalgamated its All Star petrol card concern and PHH Services into one company, PHH Limited.

This move is aimed partly at rationalising computer use and reducing overlap, with integrated software systems now dealing with the control of 20,000 vehicles and 120,000 All Star card holders. Savings achieved will, as always, allow the company to be more competitive, says Mr Nick Suddaby, vice-president PHH International.

He said that the company's UK vehicle fleet had grown by about 30 per cent last year and would rise by a further 30 per cent this year. "Recession has increased the need to restrain costs of vehicle operation and in that sense we are recession-proof," he said.

"Investment in new systems is now a vital factor, because it sets a genuine large-scale company like ours apart from others, and has enabled us to provide far greater analysis for fleet management purposes," he said.

PHH policy on computers comes directly from the top, since Mr Geckle's background is firmly in that area. Last year he won a major award in the U.S. for work in computer science, but believes that no computer system can ever be a substitute for talent.

"Even if we build a massive system it needs to be highly customised to meet the needs of the client," he said, adding that the company avoids using computers for its own internal purposes, a policy he adopted many years ago since their prime purpose was serving the customer.

PHH Group, once regarded as a typical American company which would have difficulties adapting to foreign conditions, has given a high level of autonomy in operating style to the UK company, accepting that business styles vary widely from country to country.

This was seen as particularly relevant in the matter of fleet management, since it involved client companies in considerable internal negotiation to break through departmental barriers and achieve agreement to hand over the fleet responsibility to an outside company.

Similarly, financial management techniques in the UK were generally unfamiliar to PHH Group, and this had to be taken into account, but the experience gained in Britain is regarded as valuable for future expansion in Europe, since conditions there are more like the UK than the U.S., according to Mr Geckle.

Although plans for Europe are still at an early stage, the international nature of oil companies and the motor industry is seen as an important advantage in international vehicle management, despite considerable complexities.

Lorne Barling

VEHICLE FLEET MANAGEMENT VIII

Stuart Marshall assesses some of the top sellers to companies on this and the following page

The Cavalier CD saloon

VAUXHALL CAVALIER

A well-established newcomer

THE CAVALIER has become so well established in fleet and private ownership in Britain that it is hard to realise it was only in the autumn of 1981 that it appeared, ready to lock horns with Ford's all-conquering Cortina.

During that time it has revolutionised Vauxhall's fortunes (aided and abetted by another Opel designed range, the Astra) and last year it scored just over 100,000 registrations, making it Britain's fifth best selling car.

Cavalier was only General Motors' second front-wheel drive car and it is a tribute to that automotive giant's research and development arm that they got it right, first time. When I drove it just before its launch, I commented on its flat, well-damped ride, which makes the Cavalier as comfortable to be a rear passenger in as it is to drive. It handles capably, with enough under-steering tendency (that is, it wants to go straight and has to be held into a bend) for stability in crosswinds but not so much that it makes a succession of sharp corners seem like hard work.

Four-door

The original two-door base price Cavalier has been dropped. It now comes as a four-door saloon with a good boot, or as a five-door hatchback with distinct Rover SD-1 overtones from the rear quarters. The transversely mounted 1.3 and 1.6 litre engines have been supplemented by a 1.8 litre, including a fuel injected version. The original four-speed gearbox is no longer used on the up-market Cavaliers, which have one of the best five-speeders in production, with fourth and fifth being overdrive ratios. Power steering, a most desirable extra on the wider-tyred Cavalier models, recently became available.

In appearance, the saloons are less attractive than the hatchbacks and at a glance look little different from the rear-drive Cavaliers they replaced. They have a deep window line for good visibility and a high roof for good headroom, but manage to look fashionably elegant for all that. The boot is of good size in the saloons and the hatchback's sill is not so high as to create loading difficulties.

The Cavalier and Astra became the first British-assembled cars to be offered with optional diesel engines and it looks as if they will play a significant role in bringing home the advantages of diesel cars to fleet management. The 1.6 litre engine is a dieselised version of the petrol unit, having been designed for easy conversion on the drawing board. It is a particularly smooth running unit, providing up to 30 per cent lower fuel consumption without calling for much sacrifice in acceleration or top speed.

Although the Cavalier is perhaps mainly thought of as a sales force car, the 1800 CD and 1.8i SRi are pitched at middle management levels in appointments and price. Both cars have the same 115 horse-power engine but the CD majors on luxury, the SRi on sharp handling at the loss of a little ride comfort. They are high geared (over 25 mph per 1,000 rpm in fifth) for relaxed motorway travel, will exceed 114 mph yet return good fuel consumptions. In town, they are pleasant to drive because the engines develop a lot of torque (pulling power) at little more than idling speeds.

BL MAESTRO

Equipped to be a world beater

IN JUST over four weeks' time BL's Austin-Rover division will unveil its new and critically important mid-range car, the Maestro. Fleet buyers as well as family motorists are in Austin-Rover's sights. Will it hit the target? Let us examine the evidence so far as we can without breaking any confidences.

Leaked photographs of the car have been widely published — but not in the Financial Times—and it is common knowledge that the Maestro is cast in a similar mould to the Metro, though it is larger, with four passenger doors. BL has made no secret of the fact that it will be powered by two of its engines—a developed version of the A-series used in the Metro, and a larger four-cylinder based on, though substantially different from, the overhead camshaft engine that powered the Maxi.

The fact that the Maestro, like so many mainland European cars, has major components from another car-maker has been admitted. BL makes no secret of the fact that Maestro's transmission is being supplied by Volkswagen.

I have driven Maestro. To be accurate, I have tried five different versions of it, from the base model to a fast, upmarket variant. It is an agreeable car in every way. In performance, it breaks no records but compares well with obvious mainland European competitors in the VW Golf/Opel Kadett class. It can also hold its head up in the company of cars in the next size class — the Sierra, Cavalier and Renault 18, to name but three.

In appearance, the Maestro has a lot going for it. The lines are stylish, though eminently practical, and it runs little risk of being confused with any of its class rivals. The best kept secret of Maestro concerns items of equipment of which it can truly be said they are not just original but world beating. They will be widely copied—but Austin Rover are first and deserve every credit for them.

The fleet manager will approve of its servicing requirements and cost-of-ownership statistics. Those who drive it will appreciate its good ride, comfortable seats, excellent visibility and —except for one model — lively performance.

So will it be a hit with fleet buyers? It has a great deal going for it. The price will clearly be crucial, a fact of which Austin-Rover is well aware. So will its build quality and in-service reliability. Austin-Rover have no illusions on this score. They have tried to design out of Maestro the minor snags that become sources of major dissatisfaction over the years. They are determined to ensure that any assembly defects are caught in the factory for rectification and not left to the dealers to put right or the customer to suffer.

My own view, based on a sampling of early production examples in quite demanding conditions, is that Maestro will win substantial fleet business. It may not topple Sierra or even Cavalier from the top of the heap, but it will give BL a slice of fleet business it has been missing for years due to lack of a competitive vehicle.

TRIUMPH ACCLAIM

Favoured by middle management

MUST SIZE always be equated with status? A strong argument against that proposition is the booming sales of the Triumph Acclaim to companies, for use in the main by middle managers who do much urban driving and prefer a compact car to a bulky one.

The Acclaim is a Honda Ballade (a Civic development not sold in this country) manufactured under licence by BL Cars. It has front-wheel drive, a 1.3-litre overhead camshaft engine of advanced design, fully independent suspension and a choice of one of the nicest five-speed manual gearboxes money can buy, or a rather less satisfactory semi - automatic transmission.

BL, rather archly, called this the Trimatic, presumably because it has three speeds. Unlike conventional automatics, the gearbox is linked to a torque converter but does not shift up and down according to road speed and the load on the engine. The driver has to shift for himself, though it is possible to leave the transmission in middle range all the time for leisurely though not very economical progress. Normally, one shifts it — clutchlessly, of course, for the automatic version has only two pedals — into low for starting, middle for urban motoring, high for the motorway.

The Acclaim HLS

Used thus, the Acclaim becomes livelier, but the two-pedal version does lack some of the bite of the manual gearbox car. Apart from being more pleasing to drive, the manual Acclaim is extremely economical, giving an intelligent driver over 40 miles per gallon of two-star on normal journeys. The engine is exceptionally free-revving right up to 6,000 rpm, at which it still runs like a Japanese watch. A motorway 70 mph (3,500 rpm) is quiet and relaxed and an Acclaim would happily sustain 90 mph continuously on the autobahn.

Rack and pinion steering is light and positive though, due to the unequal length of the front driveshafts, one can detect a small amount of torque reaction when accelerating hard. It reveals itself as a slight tugging on the steering but only a heavy-footed driver will provoke it. The ride is firmly comfortable, wind noise is muted and tyre thump moderate.

BL make the Acclaim's body shell from British steel, and all the trim, tyres, wheels and electrics are home produced. Engine, transmission, suspension and the complete fascia are imported from Japan. The Acclaim is truly a joint Anglo-Japanese enterprise.

Because the Japanese drive on the same side of the road as we do, there have been no steering conversion problems and the layout of the controls appeals to traditional British tastes. For example, the traffic indicator switch is on the right hand side of the steering column, which to many of us still seems the natural place. The lighting switch is built into its end, a most convenient arrangement.

There is not much room in the rear seats of the Acclaim, especially if the front seats are set well back to accommodate long-legged people. The trim ranges from the adequate in the recently introduced L model to the standard one expects of a £10,000 executive saloon in the CD. The price range is £4,621 to £5,830. Another benefit of the Acclaim's Japanese provenance —apart from its mechanical excellence—is the fact that a proper refrigerated air conditioning system (available in the HLS and CD models) adds considerably less than 10 per cent to the price.

The Ambassador 1.7L

AUSTIN AMBASSADOR

Diplomatic way with bumpy roads

THE PRINCESS always looked as though it had been planned as a hatchback and that a last minute loss of nerve had resulted in its appearing as a saloon. Last year, BL grasped the nettle and launched the Ambassador, essentially a Princess with a tailgate instead of a boot lid but with other improvements, visual and mechanical.

Perhaps the most important change was small in itself but with an effect out of all proportion to its size. A simple re-valving of the Hydragas suspension so improved the ride that it is now possible to talk of the Ambassador as being in the same class as a Citroën for the arrogant way it tramples bumpy roads flat. Yet it allows very little roll to develop on corners taken at sensible speeds and passenger comfort—always a strong point of the Princess—is even better in the Ambassador.

In appearance a longer, slightly drooping nose, a general cleaning up of the body detail and matt black external trim have worked wonders. The Ambassador is a sharper looking car altogether than the Princess. Inside, there have been extensive changes to the fascia layout and trim and the family relationship with Metro (and the soon to be announced Maestro) is evident.

The hatchback opens on to a very large luggage space and fold-down rear seating combines to give the Ambassador a dual personality. It will carry up to five people in considerable comfort, or accommodate almost a light van load of bulky luggage. The seats are as plump and yielding as one would expect to find in a French car.

There are five versions of Ambassador, two with the O-series 1.7 litre engine, three with it enlarged to 2-litres capacity, as used also in the latest Rover 2000. The former six-cylinder Princess's engine has been dropped, presumably to avoid too much overlapping between the dearest Ambassador (the Vanden Plas, power steered and costing £7,765 manual, £8,404 automatic) and the least expensive Rover, the £7,750 manual 2000.

Power steering is standard only on the 2000HLS and Vanden Plas but is a most desirable extra on the 2000HL and the 1.7 litre engined cars. It works so well that one is in doubt whether the Ambassador's steering is power assisted or just unusually light for a large and hefty front-drive car. The sucking noise it makes when manoeuvring in and out of parking bays is the give-away.

Hard worker

It would be pleasant to be as complimentary about Ambassador's engine and transmission as I have been about the suspension but in truth it is little better than the Princess's. The 1.7 litre is a cheerfully hard worker, but needs a fair amount of gear shifting and the change is gritty rather than silky. There is more transmission noise than there should be in a car aimed at middle managers. The 2-litre engine is lustier and goes well with automatic transmission, changing smartly from middle to high at 65 mph when hurrying.

Fuel consumption is nothing special; a light foot is needed to get 30 mpg from a 2-litre manual but the very large 15 gallon tank gives a range of more than 400 miles between fill-ups.

FORD SIERRA

Aimed at becoming the new top choice

IF EVER a car was all things to all men so far as fleet managers were concerned, it was the Cortina. With models ranging from the 1.3L to the 2.3 litre V6 engined, power steered Ghia, Ford had a version of the Cortina for everyone from the junior member of the sales force to the middle manager. Will the the Sierra that replaced the Cortina last autumn take over as top of the fleet managers pops?

It should. In every important respect it is a vastly better car than the Cortina, which had become mechanically outdated and visually boring. The Sierra keeps its rear drive layout, which appeals strongly to fleet managers though may be less attractive to private buyers, but has an excellent independent rear suspension instead of the Cortina's live axle. So the first thing one notices on getting into a Sierra is that the bumps that were all too evident to those who travelled in Cortinas — especially in the rear seats — seem not to be there any more.

The ride is extremely good —soft enough to appeal to a Frenchman and firm enough to please a German — and the Sierra handles with a sophistication on rough, winding roads that will surprise and delight an ex-Cortina driver. The steering (a power option is offered at extra cost only on the 2-litre and over models) is light and the smaller engined models are effortless to twirl in and out of city traffic. Power assistance improves the heavier and fatter-tyred V6 engined Sierras.

On the motorway, even the 1.6L Sierra I drove up to the Motor Show last October was mechanically refined at businessmen's cruising speeds though there was some wind roar from around the exterior mirror.

This is, of course, a problem with such smooth-lined, low drag cars as the Sierra. The quieter the car is basically, the more obvious extraneous noise becomes. But the only minus point of any significance I would award the Sierra is for its lack of directional stability on a blustery day. Sudden gusts are enough to shift it perceptibly from its course.

The Sierra Ghia

The seats of the 1.6L are nicely shaped and the driving position is good. The thick pillars and high headrests create a problem for shorter drivers, who find the only way they can see to reverse into a tight parking spot is to lower the window and look out.

All Sierras perform better than the Cortina equivalents. This is hardly surprising because the engines, though basically the same as before, have been updated and the car's wind-cheating shape creates much less aerodynamic drag, helping fuel consumption, especially at motorway speeds.

For buyers intending to do much of their mileage on motorways, the 5-speed gearbox—optional at extra cost on cheaper Sierras, standard on the upmarket ones—is worthwhile. It has an excellent shift and in top, the Sierra becomes agreeably long legged.

At the top of the Sierra range, the V6-engined cars have the equipment and the panache of Granadas. Ford may be a little over-optimistic in suggesting that top of the line Sierras will steal customers away from BMW and Mercedes, but they are at least half a class above the Cortina.

The looks are controversial, but they will become conventional during the Sierra's lifespan. Meanwhile, they help the car keep clean in dirty weather and are ideal for car wash machines.

FORD ESCORT/GRANADA

Two for a wide range of customers

EMPLOYEES of a company with an all-Ford fleet for whom a Sierra may be considered too grand may well get an Escort. And middle managers seeking the status of a larger car will probably drive a Granada. These two cars represent opposite ends of Ford's philosophical scale.

The Escort has front-wheel drive and is in every way typical of the European small/medium car, cast in the same mould as the VW Golf. The Granada, big by European standards in both engine capacity (from 2-litres to 2.8-litres) and overall size, has rear wheel drive and fully independent suspension, as have most of its obvious rivals. So, too, has the Sierra, which shares some Granada power units.

The Escort, a well-deserved Car of the Year Award winner two years ago, was far and away the best selling car in Britain last year. It comes in no fewer than 31 different models, from a price-leading under £4,000 1.1L to a £6,700 fuel injected RS 1600.

There are three door and five door hatchbacks and two-door estates, soon to be supplemented by a much needed four-door estate. The engines are transversely mounted and transmissions are four-speed or five-speed manual gearboxes with Ford's traditionally silky shift or a recently introduced optional extra three-speed automatic.

In handling and roadholding the Escort shows up well against its competitors. The interior ranges from the merely neat and tidy of the 1.1L to positively luxurious in the Ghia. The high, overdriven fifth is ideal on long motorway journeys and the Escort has the agreeable tautness that comes from front-wheel drive, rack and pinion steering and fairly firm suspension.

The Escort 1300 GL.

Suspension

In only one respect does it disappoint and that is ride comfort. Ford simply did not get the rear suspension quite right. It gives passengers in the rear seat a joggy ride and dropping one rear wheel into a pothole produces a disconcerting lurch, though stability is not affected significantly.

One has in fairness to say that compared with the old cart-sprung Escort with rear drive, the latest one's ride does not seem at all bad. It is only when one compares it with other cars of similar design that it comes out less well.

During its 12 year life the Granada has had its rear suspension problems, too, but the latest versions, introduced 18 months ago, are fine. Outwardly, the '83 model looks little different from a three or four year old car, but the completely retuned suspension gives a smoother and, especially, quieter ride, with tyre thump kept outside of the passenger compartment.

Given the choice of a 2.3 litre Sierra GL (£7,382 for five-speed manual or three-speed automatic) or a £7,600 (£8,156 automatic) 2.3 Granada, I would unhesitatingly go for the former —but then, I rarely need to carry five people in a car.

As one moves up the Granada range to the 2.8 litre models, which are all automatics except for the sporty fuel injected version, Ford's contention that its cars rival those of the German quality producers in performance and comfort if not in price becomes believable. At 100 mph and over on the autobahn a 2.8 Granada is most acceptable transportation.

Granadas are not particularly economical though if low fuel consumption is a priority, Ford offer a diesel. The original Peugeot 2.1 litre engined Granada diesel was slow and ponderous enough to give all diesel cars a bad name but the latest 2.5 litre engined cars — still Peugeot powered — are a far better proposition. They are price competitive, too: a five-seat, power-steered Granada diesel estate as £7,976 would be good for a high-mileage company car user who had to have van-like carrying capacity on occasion.

The Granada 2.8 injection

ROVER

The MD's favourite

IF CHAIRMEN go for Jaguars and Daimlers, the Rover is a managing director's favourite mount, preserving the pecking order without calling for any real sacrifice. The Rover 3500 V8 is a Jaguar 3.4's equal in performance and, in its manual gearbox form, some way ahead of it in fuel economy.

The new Rover Vitesse—a 3500 with fuel injection and some aerodynamic modifications—comes much closer to the Jaguar V12 in performance and very few production saloons, regardless of country of origin, approach it for maximum speed or acceleration.

There is, of course, more to making a car ideal management transport than sheer performance and if the Rover range can be criticised on any score it is ride comfort. The Rover is of fairly simple design, with a non-independent rear axle and suspension damping of a firmness calculated to give optimum handling rather than a superior ride over poor surfaces. One notices its defects most clearly in the cheaper models which lack a self-levelling device on the rear axle. The recently introduced 2000, with a similar "O" series engine to that used in the Austin Ambassador, feels quite cobbly over the average poorly maintained rural road.

The Rover, however, is a pleasing car for all that. Changes introduced a little over a year ago made it easier to see out of at the back, though reversing up a strange drive on a pouring wet night calls for some caution still. The fascia was redesigned. The shoe-box type instrument package, perched on the full-width shelf, is now more like a boot box. The gauges themselves are much more easily read than before.

The Rover Vitesse

For a large car, the front passenger does not get a lot of space, because the central console is bulky and the safety "bins" in front of him further restrict knee-room. It has an immense luggage area, however, with a foldable back seat making space for bulky items that are easily loaded through the hatchback.

Shines

Where the Rover 3500 really shines is on a long motorway journey, when its ultra-tall gearing (nearly 30 mph per 1,000 rpm in fifth) gives it seven league boots. The smaller-engined Rovers are not quite so long-legged but still manage to cover the ground quickly and quietly.

The SD-1 range of Rovers never did live up to British Leyland's expectations. Despite being chosen car of the year, it failed to achieve expected volumes because production was erratic and quality poor. Things have greatly improved of late. Quality is much better than ever it was when the Rover was made in the specially designed plant at Solihull and at the bottom of the range, pricing is particularly keen. A Rover 2000 without optional power steering but well equipped and fitted with a five-speed manual transmission is listed at £7,750. That makes it quite a lot of still fairly prestigious car for the money.

Apart from the limited edition, very high performance Vitesse, the lates variation on the Rover SD-1 theme to reach the market is the 2400SD, powered by an Italian-made VM turbo-charged diesel engine. It is selling very well indeed in Italy, where it has become something of a cult car, but has not really taken off over here, where the savage petrol price war has temporarily made the diesel car's advantages less obvious. But it is a most civilised car to drive, languorously relaxed on the motorway and capable of returning mpg figures in the middle 30s.

JAGUAR/DAIMLER

Popular with chairmen

FOR THE chairman of a company which cannot afford to buy him a Rolls-Royce and whose British-cars-only policy precludes purchase of a Mercedes or BMW, there is only one choice—a Jaguar.

Jaguar would be the first to admit that they went through a bad patch a few years ago. Quality went downhill for a variety of reasons, slackness among suppliers being not the least important. When I asked business users of Jaguars nearly four years ago to let me know of their experiences, I thought the letters would never stop coming.

About one-third were ecstatic —"a beautiful car that never goes wrong." Another third took a diametrically opposite view—"an unreliable monster that swallows money." And about 40 per cent admitted that their Jaguars had given more than a fair share of aggravation but that, when they ran properly, they were so super they would buy again, hoping for greater reliability.

Jaguar swear that the problems are over. Their sales in the U.S. have zoomed skyward to far more than double the previous year's total, in itself a remarkable tribute to renewed customer faith in Jaguar product quality. When I asked Jaguar-owning Financial Times readers at the end of last year for their views once again, the response was far lower than before.

From which I deduce that the improvement in Jaguar's factory performance really is being reflected on the road, because the keenest writer of letters to motoring columns is the man whose costly car is a lemon.

In Britain, Jaguar sales—and I include Daimler registrations, too—rose from 5,688 in 1981 to 6,440 last year. A few may have been Rolls-Royce substitutes but most, I believe, were bought on the strength of Jaguar's newly found quality and reliability.

The range is smaller than it used to be; just four Jaguars (three saloons and the XJ-S HE coupé) and five Daimlers, including the enormous limousine used mainly by undertakers and government institutions.

The Jaguar XJS

Crinkly grille

Mechanically, there is no difference between a Jaguar and a Daimler. Bodily, the crinkly radiator grille distinguishes the Daimler from the Jaguar. The poshest models, the Vanden Plas variants, are now available only Daimler badged. The 3.4 litre straight-six engine, long in the stroke (and tooth) but of classic design, survives only in a Jaguar. The 4.2 six goes into both Jaguar and Daimler (including a Vanden Plas) as does the magnificent V12 of 5.3 litres capacity. The V12 is not long for this world, I fear, but it will live on, cut in half, to form the engine for the XJ-40 Jaguar due in two years time.

A 3.4 automatic Jaguar I drove recently aroused the same kind of emotions as a Chippendale cabinet. It is a thing of beauty, no longer really up to date in a narrow sense, but representing a way of motoring that must soon disappear. The ride is almost in a class of its own—Rolls-Royce have only just succeeded in equalling its smooth and silent shock absorbency—and the handling is beautifully balanced. It is a heavy car, trimmed in fine materials and wood veneer and its driving environment is one of traditional quality. Many smaller engined and lighter cars can now exceed its 117 mph maximum and use far less fuel than the Jaguar's 16-17 miles per gallon. None can surpass it —and few get near to it—for the combination of solidity, silkiness and suave good manners.

The V12 Jaguars and Daimlers have no peers for mechanical silence. Lesser and lighter cars equal their close to 150 mph maximum speed only by being coarser and costlier—and they cannot seat five people, either.

The dearest V12 Daimler Vanden Plas, air conditioned and fitted with every necessity for gracious travelling, costs under £27,000. Compared with the few cars that approach its standards of performance and luxury, that is cheap.

VEHICLE FLEET MANAGEMENT X

David Freud examines the options open to companies for financing their fleets

Why outright purchase may make comeback

THE LAST decade has been a period of rapid change in the financing of vehicle fleets.

In the early 1970s the typical fleet car or commercial vehicle was purchased outright, often on money borrowed short or long-term from a bank, or obtained through a hire purchase agreement. From the mid-1970s the leasing boom took off, whereby vehicle users took advantage of tax rules to reduce the costs of a fleet.

In the case of cars, the advantages of leasing were even more marked initially, because the different tax rules on leasing a car or buying it outright were heavily weighted in favour of the former.

The past couple of years have seen a marked shift to contract hire, in which a specialist lessor offers an all-in maintenance service and often takes all the risk in disposing of the vehicle after use.

However, the pendulum may now be swinging back in favour of outright purchase, at least for profitable companies. Lease rates a year ago were running in a range as low as a half the level of interest rates, according to the September Bank of England Bulletin. Since then, interest rates have come tumbling down, but leasing rates have not changed, so the relative attraction of leasing in purely financial terms has declined.

Options in the UK still have a long way to go to catch up the U.S., where it is estimated that up to 80 per cent of company fleets are non-self-financed. But the proportion in the UK is growing steadily, and leasing and contract hire may account for something like 25 per cent of purchases.

For profitable companies, outright purchase can make a great deal of sense, since they can obtain the capital allowances. Cars, by contrast, only qualify for themselves. Commercial vehicles qualify for 100 per cent first year capital allowances. Cars, by contrast only qualify for a 25 per cent first year allowance (except when bought for business hire by a company like Avis, when the 100 per cent allowance still applies).

Profits

There are, of course, a variety of ways to fund outright purchase, either through retained earnings, raising capital or commercial debt or by borrowing, preferably medium term, from a bank.

Other considerations are now coming in to the picture. Leasing in the UK developed as an adjunct to the tax system. Since 1972, buyers of assets have been allowed to claim 100 per cent relief in the year of purchase. Not all businesses have enough profits to cover that relief, however, so they gain no relief in terms of cash flow from it. So businesses with high taxable profits—essentially, the banks—which would not normally buy anything like sufficient assets to match profits for their own use, soon began to buy assets and pass them over for the use of manufacturers and others through a leasing agreement.

In practice, this meant that the investment incentive was shared, through the rates, between the lessor who was deferring his tax liability until he had to pay tax on his rental income (which he could use to finance further leasing deals) and the lessee, for whom the rental would be much less than the burden of buying outright if he could not use capital allowances of his own.

The growth rate for all leased assets is indicated by the figures of the Equipment Leasing Association, whose membership is dominated by the big banks and which claims to account for up to 90 per cent of the market (although a proportion of their deals will be to specialist lessors who will lease on the assets to end users).

In 1971, ELA leasing was £159m; in 1975, £340m; in 1987, £1.2bn; and in 1981, £2.7bn. Commercial vehicles grew steadily as an integral part of the leasing market, reaching £154m in 1978 and £225m in 1979, a level at which it seems to have peaked for the time being. For after rising to £291m in 1980 it fell back to £225m in the subsequent year, as the recession began to bite.

Car leasing has been a more dramatic story. Slower to get off the ground, the way was cleared by two decisions of the special commissioners for taxation in 1975, which ruled that cars could be treated in the same way as other equipment.

Combined with looser credit controls in July 1977, car leasing took off. From £6m in 1976, the ELA figure rose to £468m in 1979. This proved the peak, since the Government acted to remove the anomaly whereby a leased car enjoyed a 100 per cent first year capital allowance and one bought outright only 25 per cent. This, in fact, took two budgets—in 1979 and 1980—since when the value of ELA car leasing has fallen back to £222m in 1981.

But the advantages of leasing are not solely tax based. One of the original attractions of leasing was that capital items could be purchased "off balance sheet." Neither the item, nor the associated contingent liability of paying rental appears on the balance sheet, so a company can appear less geared than it might if the item was included.

However, last winter the Accounting Standards Committee released an exposure draft for a new accounting standard on leasing, ED 29, which effectively proposes that leased assets are put back on both sides of the balance sheet.

This may tarnish the attractions of the pure finance lease, in which the lessor recovers the bulk of his costs in rental. However, it may have done something to boost the operating lease, in which the lessor takes more risk in terms of the residual value of the asset after its primary use.

Lump sum

Another key advantage of leasing is in terms of cash flow. Many companies do not have substantial cash resources to tie up in the lump sum purchase of a fleet, and possibly the timing of the acquisition of the fleet and its replacement makes irregular demands. By leasing, the cost can be spread on a monthly basis over the life of the vehicle.

One form of finance leasing that grew in popularity in the late-1970s was the balloon lease, whereby the rental was tailored closely to the depreciation of the car over the period of use. So, over a two-year period, for instance, the payment might have worked out at about 50 per cent of the full cost, with the second 50 per cent payable at the end of the period, when the car was to be sold to raise roughly the required amount.

This form of leasing has appeared less desirable over the past couple of years as second-hand values of cars have come under pressure.

Instead, it is estimated that about 50 per cent of lease deals are now contract hire agreements, a more comprehensive form of leasing. The attractions are, first, that the specialist lessor can usually buy at a greater discount than all but the biggest of companies. At the same time the lessor maintains, insures and disposes of the vehicles. This saves scarce management resources. Contracts can even be written with provision for replacement vehicles in the case of breakdowns.

Typically under contract hire the rate will be fixed—which means that the fleet is not necessarily obtained at the lowest possible cost. It is the lessor who takes the risk on the disposal value of the second-hand vehicles. But the contract hire market has grown much more competitive than it was in the mid-1970s, and it is by no means unheard of for the specialist lessors to take a loss on selling prices; in those cases the user has obtained a service and made money at the same time.

John Griffiths on how the motor trade can fiddle bills

The pitfalls of the repair bay

COMPLAINTS against the motor trade—over poor repairs and servicing, used car sales and other areas of the business—provide one of the biggest headaches for the Office of Fair Trading. The private buyer is, inevitably, most vulnerable, but even the alert in-house company fleet operator can be caught.

Last year, 71,000 complaints were filed with the OFT. A few weeks ago, trading standards officials came up with a report suggesting that over £100m a year is extracted from consumers' pockets through malpractice.

The Consumers' Association, in one of its periodic investigations into vehicle servicing, found that out of 50 garages to which a vehicle deliberately rigged with faults was sent for repair, only two carried out the repairs to anything approaching a reasonable standard.

Even the Motor Agents' Association, which represents the vast majority of the franchised and "establishment" motor trade in the UK, admitted shortly before Christmas that its two attempts at a comprehensive Code of Practice were proving inadequate and that legislation to enforce standards was needed, particularly for non-MAA members.

The motor trade might place its hand over its heart and protest that the virtuous many are being tarred by the brush of the incompetent or unscrupulous few. But the weight of evidence clearly indicates that the pitfalls of the repair and service bay are both numerous and very varied.

Some examples: It forms a routine part of the job of an employee in one established garage to comb through work sheets prior to customers being invoiced. From her knowledge of "what the market will bear," she will pad the bill, mostly for trivial items not actually used, and for fractions of hours of labour—at up to £15 per hour—but nevertheless providing a significant bonus for the garage over the course of a year.

From her knowledge of the pattern of manufacturer warranty claims, she knows that certain models have various weaknesses, which receive little or no publicity. If a vehicle comes in for a repair related to, but not directly involving that weakness, she will lodge a warranty claim with the manufacturer for replacement of the supposedly faulty part—even though it has not been touched—in the almost certain knowledge that the manufacturer will not query it.

There are a lot of instances where the manufacturer, knowing this weakness, will almost automatically foot the bill if the part fails just after the warranty period has expired. The garage knows this; the client may well not. It is not unknown for garages to collect from both sides . . .

The above may involve total engine failure. The garage will naturally say that it will contact the manufacturer. The customer is told that the manufacturer will reimburse X amount of the replacement cost. The customer, with mixed feelings of being aggrieved and relieved, accepts. He may never know that the manufacturer in fact made reimbursement (but via the garage) in full.

Another model of car has been prone to the clutch lever mounting bracket weld shearing. To the driver, the symptoms are all too indicative of a broken clutch. Some customers are likely to have paid for an unfitted "replacement" clutch instead of the few-minutes spot weld.

These are a few examples of outright frauds, and the extent to which they are practiced remains unknown. There are plenty more, one of the commonest, even if most trivial, being the small charge for brake and wheel-bearing adjustment—even though self-adjusting brakes and adjusted-for-life bearings have rapidly become the norm.

Unnecessary

There is a much larger area where no actual fraud is involved, but where a servicing dealership can maximise its return from a repair operation to the unnecessary, and considerable, expense of the client.

A fleet manager can be informed by such an outlet that a particular vehicle's engine is down on compression and in need of replacement. If the vehicle is moving towards the end of its replacement cycle and has high mileage, and even more so if the flow of technical justification is profuse, the chances are that the garage's recommendation will be accepted and a replacement authorised.

Just short of that, a garage's request to make a strip-down examination is at least likely to be acceded to. And it then becomes even more difficult to argue with a replacement engine recommendation—to which the garage can add strip-down time costs on the old one.

The reality is that the loss of compression can be for much more minor reasons—a head gasket, for example; and that where an engine is suspected of being genuinely in need of replacement, the diagnosis can be made in about 30 minutes without the extra on-cost of strip-down inspection.

One leading expert in the fleet management field says the problem is that the majority of the larger garages use highly sophisticated service managers: good marketing people with a good command of technical jargon. "You need equally sophisticated people to deal with them."

In fact, as fleet management specialists and the large contract hirers also handling fleets of several thousand vehicles point out, considerably more than that is needed.

The megabytes of stored computer information on the service histories of the tens of thousands of cars under their control are also an essential counter. It has been the accelerating ability to call up such records on a particular car instantly which is overwhelmingly responsible for establishing the credibility of specialist fleet management as a concept.

"There is still a high degree of opportunism on the behalf of garages," according to the manager of one team of computer-armed fleet management technicians.

"I'm not saying that all garages will take advantage of you, but the pressures to do so are all there. This is because manufacturers have greatly lengthened service intervals."

Sometimes, however, companies need protecting from their own employees: an engine replacement was needed on a fleet Talbot Sunbeam. When the bill came through to the fleet management company, the price of the replacement engine was correct, as were the installation charges. It was also considerably more expensive than it should have been.

The explanation was that the user planned to buy it at the end of the replacement cycle. When he had delivered the vehicle to the garage he had said a larger, more powerful, unit was to be fitted. Eventually, the driver was fired and ordered to pay the costs of installing the correct engine. In this case the garage was innocent—but in how many companies would that one have slipped through the net?

Nor is that kind of problem confined to the non-management level. A senior executive of one fleet management client company needed his BMW servicing. The management company authorised servicing of £200. The bill when it came in was for £1,200.

The garage knew before starting work that the management company would not authorise such a payment on what was supposed to have been a routine service. Instead, it rang the executive, who wanted his car and felt that his seniority was such that he should be able to approve it. When the management company flatly refused to pay, the garage claimed it had received authorisation, from the executive.

The garage went unpaid for the improperly authorised work, and the client company was saved £1,000. "We shifted all business from that garage," said the specialist involved.

"Opportunism" might be still fairly widespread among garages, say the fleet specialists, but "wrist-slapping" by the fleet management companies has declined considerably in recent years. "The garages have come to accept that we've got too good to be conned," says one.

"It's become a two-tier system. What they lose in 'opportunities' from us tends to be made up from the private customer and unaware in-house fleet operators. Your average customer still gets clobbered."

Telephone conversations between a garage and a fleet management technician seated at his computer console, with a vehicle's record in front of him, have some of the elements of a chess game. The garage outlines what it says needs doing, and the technician closely questions why. Move and counter-move is made until a conclusion is reached.

"What is really meaningful" observes Chris Burnell, Gelco's head technician, "are the long silences you get at the other end . . ."

VEHICLE FLEET MANAGEMENT XI

Phillip Hastings on how the recession has hit the road haulage and freight industries

Public carriers take the hardest blows

THE FIRST people to feel the pinch in Britain's freight transport sector as the recession led to declining traffic volumes were the public carriers.

As activity levels fell, so manufacturing and retail companies took their marginal traffic flows away from outside carriers and put them through their own systems.

This compounded a general trend during much of the 1970s towards the development of own account transport operations, with the result that during the first two years of the new decade some 10 to 20 per cent of the existing haulage industry went out of business. Those problems were further highlighted by the fact that immediately prior to the last major rail strikes it was estimated that 50-60,000 commercial vehicles were laid up in the UK.

Not surprisingly, sales of new commercial vehicles and fleet cars during the early 1980s also declined. Figures released by the British Society of Motor Manufacturers and Traders (SMMT) in fact showed that sales of new commercial vehicles during 1981, for example, were 20 per cent down on the previous year, at 217,903.

Opportunity

Just recently, though, the picture appears to have brightened slightly for sales of both commercial vehicles and cars. Quite how much this is due to any recovery from recession and how much, at least in the case of the former, is due to the spin-off benefits to the road haulage industry of British Rail's difficulties, is not yet really clear.

However, according to the SMMT, new commercial vehicle sales in November last year were 8.7 per cent up on the same month in 1981 at 20,359.

Sales for the first 11 months of 1982, at 215,619, were 5.5 per cent up on the 204,311 figure for the same period in 1981.

The importers' share fell from 32.7 per cent in November 1981 to 30.6 per cent in November 1982. For the first 11 months, the importers' share of total sales fell from 31.5 per cent in 1981 to 30.25 per cent in the same period of 1982, added the SMMT.

New car sales also showed signs of some recovery during 1982. Figures released by the SMMT put the number of new car sales in November last year at 116,320, some 10 per cent higher than for the same month in 1981. Sales for the first 11 months of the year, at 1.49m, were 4.4 per cent ahead of the 1981 figure for the same period.

In the case of cars, though, importers increased their market share—from 55.3 per cent to 57 per cent for November and from 55.8 per cent to 57.8 per cent for the 11-month period.

Even the slight signs of recovery suggested by improved commercial vehicle and car sales, though, have not yet been sufficient to really help the beleaguered freight transport sector in the UK. Prices have been forced down as surviving carriers fight for business while wages, fuel and other costs continue to rise.

Between 1978 and 1981, for instance, it has been estimated that the haulage industry's pre-tax gross margin on sales dropped from 4.6 per cent to 2.1 per cent. Last year the ICC Business Survey commented that in the year July 1981-82, 50 per cent of professional carriers operated at a loss.

Bankruptcies

Recent developments suggest that the problems of the road haulage and freight industries are hardly easing. Diesel fuel prices went up again towards the end of last year while lorry drivers all over Britain have been talking of taking strike action in the face of 1983 wage offers from employers ranging from nil increases to a maximum of 2.5-3 per cent.

An additional problem for the freight transport industry, like most others, is that of cash flow. Many transport operators have suffered from seeing customers either going bankrupt, owing them considerable amounts, or simply delaying payment as long as possible.

In addition, customers are so hard pressed generally that they are, in many instances, not prepared to accept any increases in transport rates for 1983. In what is still very much a buyer's market as far as transport services are concerned, the customers are in a fairly strong position to ensure that is the case.

The view of many of them was summed up recently by the Freight Transport Association which represents the transport interests of over 15,000 companies throughout trade and industry in the UK. In addition to operating large fleets of commercial vehicles and company cars, its members are responsible for over 90 per cent of the freight carried by British Rail, giving the association a good overall view of the industrial/transport scene.

The continuing economic difficulties are forcing companies to even greater economies and rationalisation, said the FTA. Far from being immune, transport is in the front line in the pursuit of cost-savings—"this not only concerns own account operations but also the use of outside transport services," added the FTA.

"In road transport it is recognised that many haulage companies have suffered in the past year or more in that, because of the very high level of competition, they have been unable to recover from customers all their cost increases."

This trend was inevitable in existing economic circumstances, where industry generally could not bear further increases in haulage rates for whatever reason they were requested.

"The situation continues and any attempt by hauliers to increase rates would be exceedingly ill-advised and would meet with the strongest resistance from users."

In the light of recession, there has, in fact, been an increasingly pronounced change in the UK transport and warehousing sector over the past year or two, with many major operators and local companies retreating from their traditional spot-hire of services or vehicles and moving over to contractural relationships of one form or another.

"The larger (transport) operators are now determined to increase and maintain a contractural element within their business which implies an inevitable loss of flexibility within the total supply system. This is likely to be a permanent feature of the market," commented the UK managing director of freight carrier SPD Group, John Harvey.

Sales increase

Furthermore, he said, there was much greater cost awareness among operators. Service standards in delivery times, control and reporting systems had improved but carriers were much more sensitive to aberrations in traffic characteristics, variations in distribution specification and were more prepared to press for financial penalties.

This represented an opportunity for buyers of transport services to talk with operators about rationalisation of distribution systems. There were clear signs of this happening with the development of integrated handling, unit loading and packaging changes developed in conjunction with, rather than in conflict with, carriers and suppliers.

"These inevitable reactions within the public carrier sector are matched by upheaval within the own account sector. The number of supplier-owned vehicles operated on their own account have started to fall, as a direct conséquence of recession," claimed Mr Harvey.

"Companies have re-appraised the opportunity cost of capital tied up in storage, and distribution resources have been confronted by the realities of replacement cost in a time of straitened operation cash flow, causing re-appraisal of strategic decisions on distribution policy and commitment."

It was the financial management who were increasingly making the strategic distribution decisions on policy and very often electing to quit own account transport and sometimes storage.

In some cases systems have become obsolescent as a result of concentration of either manufacturing or retail buying power and the growth of central warehousing in the public sector, in the non-distributive trades as well as in the retail industry.

Not only have supply channels changed but, in many instances, the UK domestic manufacturing base has been eroded as buyers purchase in the EEC and beyond. Many manufacturing suppliers themselves now source abroad and work on an inter-Continental scale.

"The fixed cost burden in terms of location, system and throughput call into question policies developed and investments made in transport or storage in a period when financing costs were lower and logistics almost certainly different, for example the textile, consumer durable and similar industries," commented Mr Harvey.

In some cases, the reaction of manufacturing and retail companies has been to either sell off their own transport and either contract back the service or switch to composite delivery through a public carrier.

Hauliers: costs rise while rates remain static and there are doubts about the apparent bright spot on the horizon

Views vary on heavier trucks

THERE CAN be few but the most optimistic hauliers who are relishing the year that lies ahead. Last year was hard for most operators in the hire and reward sector and conditions have changed little.

Rising operating costs, the introduction of restrictive EEC legislation and static haulage rates have combined with the recession to undermine any benefit that might have come from the increasing amount of Britain's trade being moved by road.

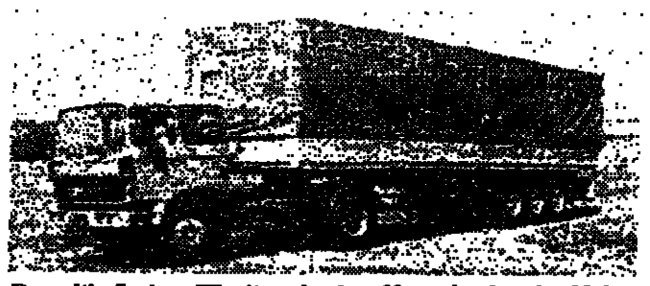
The one bright spot this year, as far as the industry is concerned, comes from Westminster with the long-awaited announcement by David Howell that the Transport Ministry has decided to endorse the introduction of heavier lorries. Truck weights should rise from 32 to 38 tonnes in May.

This will at last give British operators parity with many of their Continental competitors but there is widespread scepticism about how much they will benefit. Some businesses complain that they are in no position to start investing in new equipment and say that shippers will not be prepared to pay higher rates to support larger capacity.

Others believe that it will open the floodgates to foreign hauliers who already have larger trucks and have been waiting for this opportunity to increase their share of the UK market.

In fact, penetration of the domestic business has been relatively small but it has been growing. One of the reasons has been the imbalance of trade with European countries.

This was one of the most significant features of Continental operations last year and led to foreign companies slashing rates in a bid to fill their trailers with UK exports on the return leg. The amount of empty trailers crossing the channel southbound has risen steeply.



Renault's Saviem HL: it and other 38-ton lorries should be allowed into the UK later this year.

The need to invest in new vehicles as a result of the new truck weights represents a serious problem to many road operators. New vehicle sales have slumped and second-hand values are rock bottom. It is possible to pick up a 12-month-old truck for around £12,000, less than half the price it would cost new.

Operating costs have continued to soar, with the most prominent being fuel prices. In November diesel rose twice in one month forcing one of the country's largest private international hauliers, F. B. Atkins, to threaten to lay up its 400 trailers unless the increase could be passed on to the customer.

Drivers' wages have continued to rise although this year many businesses have opted for no increase at all. At the same time driving time has been reduced through the introduction of the tachograph which limits the hours drivers can work under EEC legislation.

It is now estimated that the average profit margin for companies in the hire and reward sector has fallen to 1.46 per cent and the mood of many hauliers was summed up by one Midland company which said: "We might as well shut the doors and sell the depot for real estate rather than scratch around for that kind of return."

HOW UK GOODS ARE MOVED

	1980 Bn tonnes per km	1980 %	1981 Bn tonnes per km	1981 %
Road	95.9	63.2	97.1	64.3
Rail	17.6	11.6	17.5	11.6
Coastal shipping	28.0	18.5	27.0	17.9
Inland waterways	0.1	0.1	0.1	0.1
Pipeline	10.1	6.6	9.3	6.1
All models	151.7	100.0	151.0	100.0

Source: SMMT.

The root of these problems lies in depressed rates which have not risen on some routes for three years. The fragmented nature of the industry makes it difficult to get concerted action by companies to stop rate cutting. The Road Haulage Association which represents 13,000 companies has continually called on its members not to operate below cost. But for many the only alternative is to immediately lay up vehicles.

In Birmingham the RHA says that its members have an average of 40 per cent of their fleet off the road. The Continental full load market has been particularly competitive. Some routes are dominated by a few large businesses that have pushed smaller companies out of the market.

Operators like Chris Hudson International, Ferrymasters and Norfolk Line contract in a lot of their haulage requirements and have found that by tying up large contracts with manufacturing companies they can win substantial reductions in ferry rates by offering large volume business. This in turn allows them to offer substantial savings to shippers but rates like £190 from the Midlands to Antwerp and £240 to the Ruhr have infuriated smaller businesses, some of which complain they are unable to reach Dover for that price.

These companies have tended to move into the groupage or part load market and it is this business which has cut into the traditional airfreight market between Britain and the Continent.

Since Britain entered the EEC, border regulations have been reduced though the Confederation of British Industry still complains that delays that do occur are costing the industry £5bn a year. Generally trucks can clear goods through customs speedily and this, along with flexibility and cheap rates, gives haulage a massive advantage over goods moved by air. Many airlines themselves have turned to trucking goods from one airport to another in a bid to compete with hauliers and freight forwarders offering road-based services. They have all been helped by the efficiency of Channel ports, like Dover, which relies for most of its revenue on the 40,000 yearly ferry crossings it can offer.

The distinction is blurred between haulier and forwarder, but the groupage market has generally been the preserve of the latter. Though they may not operate their own trucks the more substantial firms offer warehousing facilities where small packages can be dropped and grouped together for their final destination.

Although this side of business has been growing, major operators like Haniel International, which claims to move over 3,000 loaded trailers a year between the UK and the Continent, have found it difficult to make profits in the difficult circumstances.

Terry Macalister

VEHICLE FLEET MANAGEMENT XII

A variety of systems is now available for the management of truck fleets

Where deals come tailor-made

THE MOST comprehensive form of vehicle fleet management in the commercial sector is the growing service of contract distribution.

The concept of contract distribution is a variation on the general theme of contract hire, perhaps the fastest growing of all the financial tools available to industry and commerce for the acquisition of vehicles by means other than outright purchase.

Under the contract distribution variation, the specialist vehicle fleet management company agrees to take on responsibility for all aspects of fleet operation, including providing a team of drivers. In addition, however, the fleet management specialist takes over the planning of the distribution network for the manufacturing company customer.

In the case of the British Road Services, part of the National Freight Consortium, the former state-owned freight haulage company now owned by its management and staff, the company is prepared to take over every aspect of a company's distribution. One longstanding example is the way BRS took over the distribution of Mars' confectionery products from the Slough factory.

Every aspect of the distribution of the products from the end of the conveyor belts to the corner sweet shop is handled by BRS. The road transport company also handles confectionery distribution for George Bassett and for Bridon, using this advanced form of contract hire.

Contract hire of vehicle fleets is one of the fastest growing of the wide range of financial mechanisms available for assisting companies to acquire vehicles without the problems of tying up scarce capital in the transport overhead.

Microdrive, a system developed by Freight Computer Services, enables road transport operators to monitor and control their fleet costs and performance on the shop floor. Microdrive can be operated on most micro computers and has been designed to function on a stand-alone or multi-location basis

Under contract hire, one or more vehicles are provided by the contract hire company to the customer in return for a fixed charge, usually monthly, for the agreed period of the contract. This charge can cover just the vehicle, or a growing range of additional services needed for the trouble-free operation of the vehicle or fleet of vehicles.

These "extras" include the provision of contract maintenance on the vehicles, licensing, insurance, tax and even a driver. Usually, the only items not included are fuel and possibly oil, as these are variables determined by the individual customer. Where a driver is supplied, the customer has no responsibility for ensuring that the driver meets the drivers' hours legislation or the complexities of the tachograph records.

All these costs are assessed when the contract hire agreement is drawn-up and the rate of repayment is set for the period of the contract.

The crucial advantage of contract hire from the point of view of the customer, is the freeing of capital for other investment more directly related to the company's day-to-day manufacturing operations. The customer under a contract hire arrangement has no capital tied up in the vehicle fleet. This fleet then takes on its true character as an overhead to the main operation.

In some cases, the contracts take into account an estimate for the rate of inflation for the period of the contract. More usually, however, the customer agrees to reviews over terms shorter than the contract hire period.

Other financial tools widely available as alternatives to the outright purchase of vehicle fleets include various forms of leasing and rental and the use of specialist fleet management companies. Some of these fleet management specialists provide vehicles and management skills to control them; others provide simply the management skills.

One company which can acquire vehicles and provide a comprehensive management service for the would-be fleet operator unwilling to take on the financial burden of a high capital investment is Fleet Management Services of Shrewsbury. The company was formed in 1954 and still advises companies on their fleet operations, down to the operation of a single executive car.

The company takes over the time-consuming and expensive operations of vehicle purchase, insurance repairs, vehicle taxes and the other aspects of vehicle finance and operation. The customer pays a fixed amount each month. For vehicles off the road for more than 48 hours, the company will provide a replacement vehicle.

Leasing continues to be offered by fleet management and finance companies in spite of the changes which came with the Finance Act 1979. The Act brought the rate at which capital allowances could be charged on leased cars into line with the rate for cars which had been bought outright.

For companies which have used all their liability to tax, leasing can still form an advantageous form of fleet finance.

Open-ended leasing provides a vehicle or fleet of vehicles at a minimal cash outflow by anticipating the final residual value at the end of the contract term. Typically, fleet management companies assume that the vehicle will be fully depreciated at the end of 48 months. The essential point is that the fleet management company and the customer have to agree between themselves a realistic market value so that the vehicle can be disposed of when the contract ends.

Any surplus funds are passed to the customer and similarly any shortfall at the end of the contract when the vehicle is sold, becomes the responsibility of the customer.

Under leasing arrangements, the legal title of the fleet remains with the leasing company.

Some fleet management companies also offer contracts which involve simply the management of the maintenance of vehicle fleets. Most companies also provide their customers with comprehensive analyses of the costs of their vehicle fleets. This can include a full breakdown to include the comparative costs of different vehicles, vehicle performance, petrol costs and projected replacement dates.

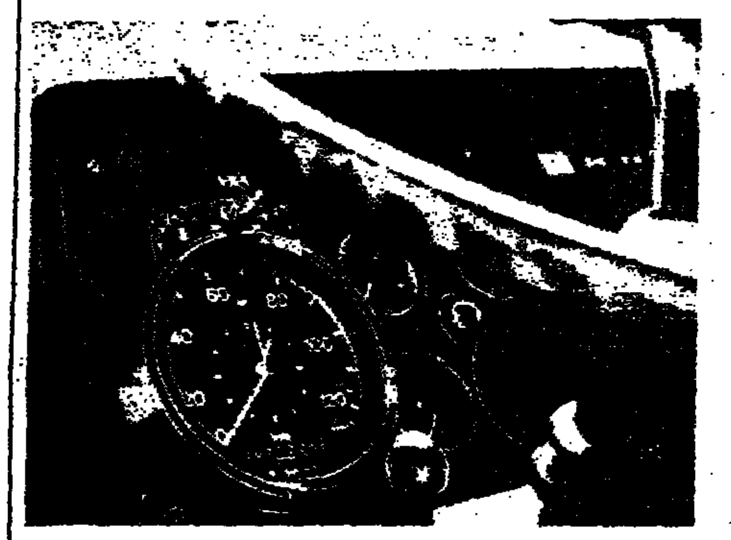
The increase in the use of computers in fleet management companies is aiding this systematic analysis of vehicle costs and performance. In the commercial vehicle field, Freight Computer Services, part of the National Freight Consortium has introduced recently, its Microdrive computer package. This has been designed to enable fleet operators to monitor and control fleet costs and performance in situ.

The programme for Microdrive allows the fleet operator to make comprehensive analysis of cost, the operating history of individual vehicles and their cost compared with the fleet as a whole and compared with the planned budget. The programme also highlights vehicle or component failure trends.

The computer system can also be linked automatically with the Permex Fuel Management system. Each driver has his own key for obtaining fuel and consumption is monitored and fed to the Freight Computer Services Microdrive computer.

The analysis of tachograph vehicle and driver recorder records can also be carried out on the system, which is suitable for operators with fleets of 20 vehicles or more. The Microdrive fleet management system can be installed on most makes of micro computer.

Lynton McLain



The tachograph: automatic recorder of speed, distance and time on the road

The 'spy in the cab' is recognised as a useful tool for management

Learning to live with the tachograph

THE OPERATORS and drivers of British commercial vehicle fleets have lived with the tachograph vehicle and driver performance recorder for three years. There are almost no signs left of the vigorous outburst of protest which greeted the Parliamentary birth of the tachograph in the UK in November 1979.

Tachographs record automatically a vehicle's speed, distance travelled and time on the road.

The trades unions in the transport sector were uniformly opposed to the introduction of what they saw as "spies in the cab" when Britain was ordered in February 1979 by the European Commission to introduce them into commercial vehicles over 3.5 tonnes laden weight. This was necessary to bring Britain into line with her EEC partners which had already introduced the instruments after the community order was placed in 1975.

While the trades unions were opposed to the tachograph, the European Commission saw the instrument as a way of assisting in the enforcement of complex drivers' hours legislation in the interests of road safety. These regulations were aimed at protecting drivers from unfair exploitation by companies and ensuring that the health of drivers did not suffer because of excessively long hours behind the wheel of their truck or lorry.

The tachograph was heralded as a tool for management to enable companies to get the most out of their vehicle fleet.

Tachographs fulfilled many of the functions of the old drivers' log book, which fleet managers had relied on for their information on the performance of their vehicles.

The tachograph is a more accurate and useful management tool. The basic functions of recording speed, distance and time spent on driving and not driving, time at rest and time spent on unscheduled stops and delays as they happen, has the potential for providing fleet management with a continuous and reliable source of data for improving the efficiency of their vehicle operations.

To help in the appraisal of the complex and technical record on a tachograph, special analysers are available. Vehicle Control System of Washington, Tyne and Wear, provide typical analysers. These can show the statutory information about speed, time and distance, but they are also able to show the driving technique of each driver.

The most important points that can emerge from an analysis of a circular tachograph chart are excessive speed; vehicle movement while not in gear; movement downhill in the wrong gear; high revving; engine idling and cold start warming up.

The chart can be used to help compile wages, haulage transport costs and freight rates.

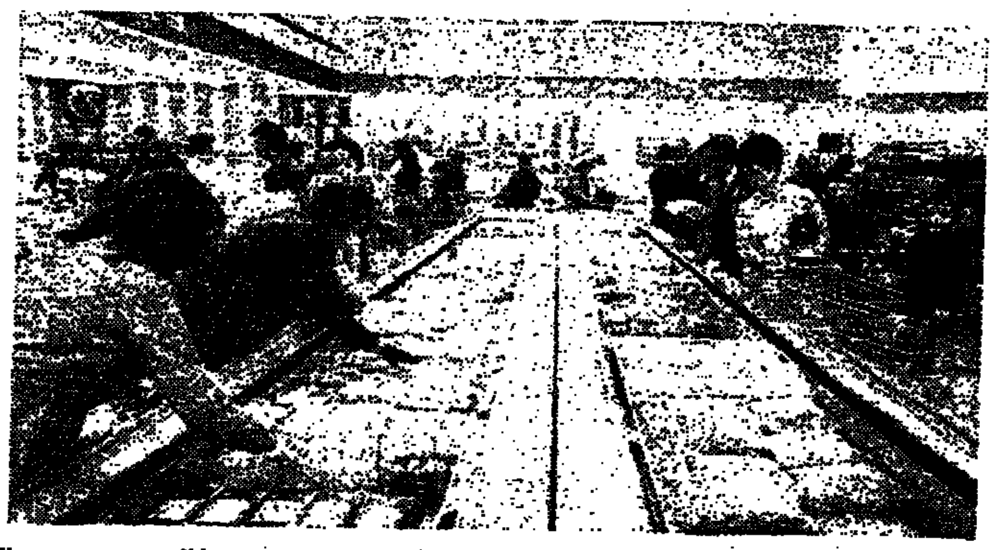
Variations of speed consume more fuel than is necessary and reduce engine life. Once problems have been identified, fleet managers can check the reasons for the problem and re-route lorries and possibly re-locate depots, or otherwise change day-to-day operations after consulting the customer.

There are also automatic tachographs available suitable for analysis by computer programmes designed specifically to meet the needs of the individual fleet manager.

Lucas Kienzle Instruments, one of Britain's tachograph makers—the other main makers are Smiths Industries and Veeder-Root—launched a chart reading and analysis system suitable for operators of small and large fleets.

This is the M-ROS modular fleet organisation system. The system is able to analyse drivers' hours and the management of fleets. Programmes are also available for further processing by Sirius computers to give extra analysis of fleet maintenance requirements, cost and profit analysis, cash flow and payroll.

L. McL.



Shoppers at a well-known supermarket: the growth of increasingly powerful retail chains has provided an impetus for the development of contract distribution

Restricted cash flows, changing distribution patterns and new technology boost bought-in services

Contract hire begins to gain acceptance

DESPITE an inherent reluctance among many UK manufacturing and retail companies to change radically their freight transport set-ups, the concepts of contract hire and contract distribution are steadily gaining wider acceptance.

Long-established in the U.S., for example, such systems have been slower to gain ground in the rather more conservative UK. Over the past three years, however, various factors including recession, restricted cash flows, changing distribution patterns, increasingly complex transport legislation, and the spread of new technology have all helped to boost the development of bought-in services.

Tracing the development of UK distribution, Mr Paul Rivett, the managing director of National Carriers Contract Services, said that before the 1950s services were provided by either companies concentrating on small parcels or general hauliers which looked after the transport of economic truck loads. Customers basically had to take what was on offer from these two types of transport operator or run their own operation.

During the 1950s and 1960s business and industry began to realise the value of money, such things as stockholding, and the value of service. Often dissatisfied with the services they were getting from outside operators, manufacturers and suppliers began switching over to do-it-yourself distribution. They acquired their own fleets, warehouses, and general transport systems.

"Then there was an underlying growth in the late 1960s and early 1970s of people coming in and offering something different called 'contract hire' whereby customers paid a fixed rate for use of a vehicle over a set period. That concept really grew steadily through the 1970s," Mr Rivett said.

Even with contract hire vehicles, though, customers were still in the main basically running their own transport operations. It is really only over the past few years that the concept of contract distribution has started to grow.

Not surprisingly, there is often confusion among customers over the different terms used by transport service and vehicle supply companies. The industry itself admits there are a number of grey areas where it is hard to nail down exactly what type of system or agreement is in force. Basically, the main terms are:

- leasing of vehicles;
- leasing of vehicles plus maintenance;
- contract hire of vehicles, plus maintenance, licensing, probably insurance, possibly vehicle replacement — a managed contract;
- contract distribution, where the provider examines the customer's overall distribution requirements and develops a system to operate on his behalf.

Leaving aside straight leasing, contract hire services are often seen as offering an attractive halfway house between owning and operating an own account fleet or switching over completely to an external system. The nationalised sector, many leasing and finance companies, and the private sector have all been actively developing this market in recent years.

The argument against contract hire is that it does not really rid the customer of all his transport problems. He still has to employ his own drivers, schedule his own loads and so on.

"He has not actually taken a real new look at his distribution requirements. All he has done is find another way of acquiring new vehicles but without getting rid of all the aggro which goes with running a transportation fleet.

"With contract distribution the customer hands over to an outside company the transport vehicles, warehousing and location throughput." Mr Rivett claimed.

Companies offering leasing or contract hire agreements of course put forward equally strong cases for their systems and the confusion which this generates is probably one of the factors which has inhibited to some extent the growth of different transport operation methods. A general hesitancy among many British companies about any major changes in their operating systems has undoubtedly been another factor.

"Overall, I think, that the contract hire side of the transport business will be steady, the basic leasing side will grow and the contract distribution sector will expand significantly, based on the fact that companies are increasingly recognising the need to have distribution systems tailored to their own requirements." Mr Rivett concluded.

Initiatives

Other observers of the contract hire/distribution scene are rather more cautious, believing that there will be growth in their sector but perhaps not at the rate some companies might wish.

Even so, there is undoubtedly an increasing trend among major British manufacturing and retail organisations towords engaging professional management to run their warehousing and distribution systems on a contractual and dedicated basis. This is exemplified by Marks & Spencer which has a series of contractors responsible for the consolidation, central warehousing and delivery of different merchandise sectors.

"Many other retail and manufacturing companies are moving in this direction, which allows the advantages of professional management, off-balance sheet financing and segregates some of the potential industrial relations problems from the mainstream company operations," Mr John Harvey, the UK managing director of distribution specialist SPD Group, claimed.

"From essentially the original own account networks and, more recently, by direct investment, a number of specialist operators have developed to give warehousing, inventory control, stock selection and delivery service across a wide range of retail trades."

Mention of the retail trade is significant because within that sector most of the major initiatives for the development of compatible handling systems, equipment, administration, data processing and unit handling have appeared to come from the purchasers of transport rather than the providers of it.

Since the growth of increasingly powerful retail chains has meant that they—as opposed to manufacturers and suppliers—are often calling the tune when it comes to transport systems, much of the impetus for the development of contract distribution operations is likely to come from them.

"It could be that manufacturers' direct delivery will eventually disappear. Retailers will control the distribution field, using either outside contractors or by developing their own fleets," the transport operations manager for temperature-controlled food distribution specialist Frigoscandia, Mr Barrie Shrosbree, said.

"I think there will be continued development of contract distribution, the operation of consolidated services on behalf of retailers. There may also be more of a move towards customer-dedicated vehicles."

Phillip Hastings

Profile: Frigoscandia

The chilled transport specialists

WHILE MANY contract hire/distribution service companies cater for a wide range of industries and products, there are others which specialise in particular trades.

Included in the latter category is Frigoscandia which principally operates transport and distribution services for the temperature - controlled food sector. It is also involved in a much smaller way with the movement of other temperature-sensitive products.

Frigoscandia has more than 30 years' experience in frozen and chilled food distribution, having been established in Sweden in 1950.

United Kingdom operations were started 11 years later with the opening of a cold store at Stratford, east London, where the company now has some 5m cu ft of storage space. Since the opening of that initial facility, Frigoscandia has gone on to set up five other cold store facilities in the UK — King's Lynn, (Norfolk), Liverpool, South Kirkby (Yorkshire), Bellshill (Glasgow) and Portbury (Bristol).

Those stores now form the base for the company's UK operations, which over the years have been developed to include various other services, most notably transport. As well as operating within the UK, Frigoscandia operates transport services between the UK and Western Europe / Scandinavia. Latterly, there have also been movements into some parts of Eastern Europe.

Until comparatively recently, the transport service emphasis was very much on bulk movements for the wholesale trade, both from point of manufacture to cold store and between stores. In the past couple of years, though, the company has built up its retail distribution business to the point where, as far as transport distribution is concerned, the ratio is about 50-50 between bulk and retail traffic.

Frigoscandia's active interest in retail distribution really began in 1980 when it saw opportunities arising from the failure of a company called Warehousing and Distribution Limited which had set up in King's Lynn in the late 1970s to operate third party retail distribution on behalf of manufacturers and retail groups.

In addition to seeing the opportunity to exploit what it felt was a gap in the market as far as distribution of temperature-controlled foods was concerned, Frigoscandia also saw the move into retail distribution as a way of making better use of already established cold store and transport facilities.

Now, the company has about a dozen major contract distribution customers, most of whom are manufacturers/suppliers but also including one well-known retail chain, the Co-op. In what it describes as a "classic" example of an integrated transport system operated on behalf of others, Frigoscandia handles the Co-op's Iceline refrigerated foods, taking in everything from stock control to final delivery to the retail outlets on behalf of the CWS.

Involvement

"Our involvement starts with stock control. Once the Co-op lists a product we liaise with the supplier and keep control of the stock. Two telesales teams, one at our headquarters in Hoddesdon, Hertfordshire and another at Bellshill, contact each Co-op store in their region, take their orders and then process them through our computer," Mr Jim Givens, Frigoscandia's distribution services manager, explained.

The company's computer system is based on a main frame ICL 2904/50 at Hoddesdon, this having a degree of "distributed intelligence" in the form of ICL System 25 Business Computers at each of the cold stores.

By feeding order requirements into this, either from the telesales team or by direct link from a customer's computer, comprehensive instructions are transmitted to the cold store. In this way, the right mix of products is assembled in the correct order for loading. Full management information is provided from available stock levels through to customer invoices.

Frigoscandia runs a similar distribution operation for some of its manufacturing customers.

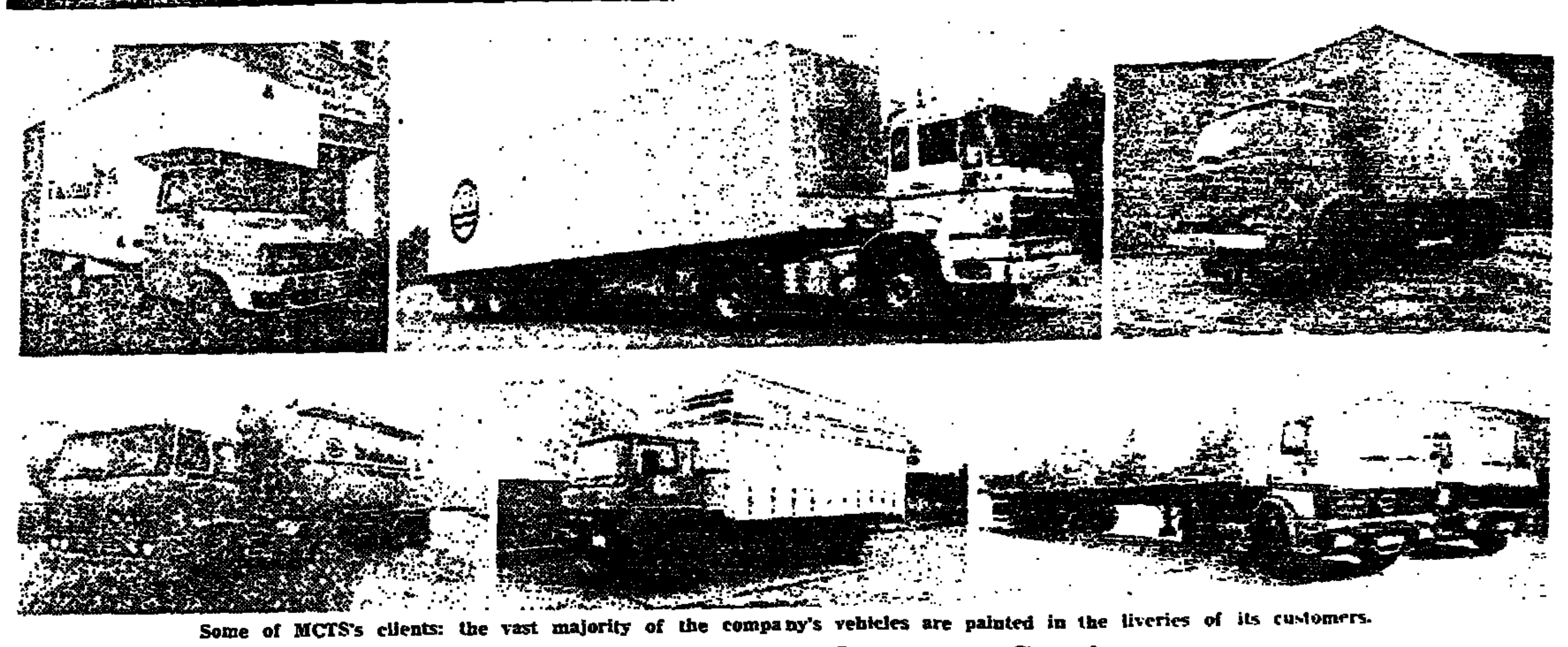
As an extension of its distribution operations, Frigoscandia has established processing and packaging facilities at some of its locations. In King's Lynn, for example, peas are taken into the company's freezing plant, packaged, stored and then distributed on behalf of the customer.

The majority of the 130 refrigerated vehicles operated by Frigoscandia run under its own livery although they can where required be fitted out in the colours of the customer and used only to collect products from a Frigoscandia cold store or stores to the customer's specialised outlets.

Frigoscandia, however, has only one customer at the moment using this contract hire system, a company called Flying Goose Ltd of Warminster, Wiltshire, which trades under the name Dan-Maid Seafoods.

P.H.

VEHICLE FLEET MANAGEMENT XIV



Some of MCTS's clients: the vast majority of the company's vehicles are painted in the liveries of its customers.

Profile: Mitchell Cotts Transport Services

Three ways to find growth

A NUMBER of company and *fleet acquisitions enabled* Mitchell Cotts Transport Services to expand consider*ably its* UK contract hire/distribution operations during 1982.

Part of the Transportation Division of Mitchell Cotts, an *international* organisation involved in engineering, transportation and trading throughout the world, MCTS was in fact involved in three substan*tial acquisitions of different* types.

First deal for the company, which has its head office in London and main sales office in Milton Keynes, involved acquiring Dulwich-based Hellmuth Transport which operated an already well-established contract hire business.

Further expansion resulted from a deal with Avis which allowed some 500 commercial vehicles under existing contracts to be operated by MCTS. Third development for the company involved acquiring Asthbury Haulage of Cannock, Staffordshire.

Three ways

"Basically, there are three ways a company such as ours can grow—through the development of existing cus*tomers, the gaining of new* customers and acquisition."

Mr Michael Hopecraft, MCTS managing director said: "During 1982 we did all three but the main emphasis this year will be on expansion through organic growth and *new business.* We now have scope for expansion, within our existing operation."

After its recent expansion, MCTS now claims that it is the second largest UK company in the contract hire field, behind the National Freight Consortium's BRS and National Carriers operations. *Altogether, the com*pany has 22 depots and a total contract hire fleet of over 1,500 vehicles.

Operationally, MCTS is divided into four geographical areas — London, Eastern/Western, Midlands and Northern, plus a special products division and a central accounting section. Each depot has a *manager and its* own workshop facilities. In some cases, notably in London where MCTS supplies vehicles on hire to the newspaper and publishing industry, workshop facilities are operational 24 hours a day, seven days a week.

As far as contract distribution is concerned, Mr Hopcraft *said* that the company had really been involved in that type of operation for a *number of* years, particularly for one major customer, ICI Fibres, where it handled all aspects of distribution except the scheduling of loads.

"Contract distribution is something of a new term but we were involved in that type *of operation before the term* was really being used. At the moment I would say about 30 per cent of our business is what would now be termed contract *distribution* as opposed to contract hire of vehicles but we can change *fairly quickly to meet* different customer requirements."

In addition to ICI Fibres, other major customers include British Sugar, John *Menzies, Reigate* Warehousing and Remploy, all of which have *fleets of 50-70 vehicles* on contract hire. Distribution operations are also under*taken on behalf of some of* them.

"For ICI Fibres we do *everything except* the scheduling of loads. We used to do warehousing and load scheduling for them as well from our warehouse at Penkridge in Staffordshire but due to recession and different distribution patterns adopted *by the customer company* we are no longer involved in that side of things," Mr Hopcraft said.

Majority

"We also do full contract *distribution for the Remploy* Furniture Division and for British Sugar. In the case of Remploy, for example, we pick up products from their factory, put them into our warehouse at Stroud, Gloucestershire, receive *orders from Remploy* and then go and schedule the loads for them."

The vast *majority* of MCTS vehicles are painted in the livery of its customers—the *company concentrates on* long-term contract hire of vehicles and does not get involved in shorter-term rentals.

One exception to the general rule of vehicles being painted in customers' *liveries* involves the special products division of MCTS which has depots at Bury St Edmunds, Norwich, West Drayton and Cannock. For *this operation,* MCTS uses vehicles in its own livery *since they may be carrying* products from two or more customers.

Two of the special products division depots, at Norwich and West Drayton, are *located at rail sidings.* They specialise in handling bitumen on behalf of Shell.

"*The bitumen* is brought in by rail. We are given the delivery instructions and then *offload the product into* storage tanks or road tankers according to those instruc*tions, before doing the final* deliveries from the depots," Mr *Hopcraft* said.

"*At Bury St Edmunds* and Cannock we do all the packed lubricants distribution for Shell, BP and Esso, in the case of Cannock for Shell only. The products are stored at our warehouses in those locations, orders come *through and we do the* deliveries in the regions concerned."

Assessing future prospects for the development of contract hire and contract distribution, Mr Hopcraft said he felt that both would develop *although maybe not* as quickly as some people were suggesting.

Many potential customers had a natural reluctance to change their transport set-ups and this was a major obstacle which had to be overcome. There was a *lack of* appreciation among customers of the exact benefits to be gained *from contracting out their* transport and distribution operations.

Phillip Hastings

Profile: National Carriers Contract Services

Looking to the top end of the market

EVIDENCE OF increasing customer interest in specialised and comprehensive out*side distribution services* is apparent in the recent growth of National Carriers Contract Services. Launched in 1977 with half a dozen principal customers and contracts worth around £1m, Contract Services now has 2,000 *vehicles, 1,000 staff* and a turnover of more than £50m. Included among present cus*tomers are such well-known* British names as Woolworth, Kellogg's and Empire Stores.

"The *services we provide* range from a single contract vehicle to taking complete responsibility for every aspect of a company's distribution, *supplying all staff,* vehicles, maintenance, warehousing and management," Mr Paul *Rivett Contract Services* managing director said.

Initially, National Carriers' *contracts* business was handled by three fairly autonomous regional divisions — Eastern, Western and Northern—which were also responsible for operating *other group* activities such as the Fleetcare vehicle maintenance centres.

Incompatible

With the growth of contracts business it became increasingly clear there was a degree of incompatibility having the different services operated by regional divisions. As a result, the operations were reorganised in October last year (1982) into three national businesses, one of which was Contract Services.

The other two were Fleetcare and Freight Services, the latter including warehousing, cold storage, haulage and rail/road distribution activities. All three are part of the National Services Group within the National Freight Consortium.

"The change in organisa*tion will allow Contract* Services to pursue its own *objectives more vigorously* and to take advantage of new technology, computer *systems* and materials handling methods. It will also be able to develop new products and services," said Mr Rivett.

Based at Contract Services headquarters at the Merton Centre, Bedford, Mr Rivett was previously managing director of National Carriers *Eastern,* having joined it seven years ago as marketing manager for general dis*tribution. Before joining* National Carriers he had been a senior consultant with Unigate where he was involved in marketing, produc*tion and distribution.*

Tracing the development of National Carriers' involvement in contract distribution, he said that in the mid-*Seventies* the company had begun to find its traditional parcels business declining as *customers sought new or* alternative distribution services.

Faced *with that situation,* National Carriers decided in 1977 to launch contract services as a *specific product* and business had grown steadily to the point where the reorganisation of last year became necessary.

About two-thirds of the Contract Services' *present* business involves contract distribution, where the com*pany develops and operates* a complete distribution system on behalf of the customer, and *one-third is contract hire* where it basically supplies the vehicles along with associ*ated back-up services.*

As far as the contract hire side of its business is concerned, *National Carriers* Contract Services is to some extent in competition with *another part of the NFC, the* British Road Services Group, which claims to be market leader *in contract hire* and fleet management. The BRS Group employs more than 7,000 people, operates 8,000 vehicles from 130 locations

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Profile: the SPD Group

Services for others increasing

ONE OF THE largest companies in the general UK transport sector, Unilever's SPD Group, has in recent years considerably expanded the distribution work it undertakes on behalf of customers.

In some cases this involves using locally-based contract fleet vehicles, either in the colours of SPD or in the customer's colours. In other instances SPD has taken over the distribution operations of manufacturing companies and now has total responsibility for that function.

"Last year, for example, we took over Black & Decker's distribution operation and now have the total distribution responsibility. We took on their drivers, vehicles, the lot," Mr John Harvey, SPD Group UK managing director, said.

SPD—the name comes from "speedy, prompt delivery"—has, from its foundation in 1918, warehoused and carried for non-Unilever companies and has always traded on a commercial basis with fellow Unilever subsidiaries.

From the outset, SPD was based on a stockholding depot network, concentrating on composite deliveries and distribution of fast-moving consumer goods. In recent years, particularly since 1969, the group has also diversified into a number of other sectors and is now organised on a tripartite divisional basis—domestic refrigerated, and international — with individual business units specialising in certain products or market sectors.

Specialist sectors include the transport of china and glass, hanging garments and textiles, white goods and liquor. Traditionally, the clients were branded manufacturers but increasingly the traffic is being handled under dedicated contract for retailers like CWS, Sainsbury, Debenhams, and Tesco.

Hugh Routledge

Mr John Harvey, managing director of the SPD group

Network

The core of the group's UK domestic operations is SPD Distribution which has a national depot network said to be particularly suited to the distribution of high volume, repeat purchase merchandise through grocery, chemist, institutional, and other retail and wholesale outlets. Last year the company delivered over 100m cases on behalf of 400 clients to 125,000 outlets.

"There is a nationwide 28-depot network extending from Inverness to the Channel Islands. This comprises over 2m sq ft of storage space with 25 ft clearance throughout," Mr Harvey said.

"Within the warehouses there are temperature-controlled areas for chill distribution — several million cubic feet — with temperatures 5-15 degrees Centigrade. A high proportion of the depot network is pallet racked —in fact this has been a substantial growth area for us in 1982-83."

SPD Distribution's present fleet comprises some 700 vehicles, ranging from 8-12 pallet rigid box vans to 16-20 pallet articulated vehicles, plus a small number of traditional flatbed units. The company claims to operate a nominated delivery schedule to every city, town and village in the UK, with a minimum of once per week delivery throughout.

"Superimposed over nominated days are special delivery arrangements, which have been developed with most branches of the major retailers, whereby SPD delivers against locally pre-determined arrangements," the company said.

"Clients receive copies of these schedules, allowing them the benefit of consolidation and delivery with servicing of the retail trade against the local requirement. To ensure the regularity and reliability of delivery services, a number of management controls have been developed, including a service monitor against orders and product volume."

Over the past couple of years SPD has installed fast printers in each of its major depots to enable clients to transfer data and print delivery notes at the local stockholding and distribution depot. The system will integrate with clients' administrative and processing systems and for retailers will produce a standardised distribution format.

New service

The basic SPD network is used in a variety of ways by clients. Where stockholding is involved, for example, the clients' stocks are held in the depots and, on receipt of delivery instructions, orders are assembled, consolidated with other traffic for delivery to the same area/outlets against the delivery schedules.

A relatively new service, store shuttle, is designed specifically to speed up and simplify retailers' deliveries and minimise back door congestion. The system depends on pre-determined intake arrangements agreed with the stores and compatible paper work. A number of clients use the SPD system only for particular retail chains, a number of whom have nominated SPD as their chosen carrier.

"Whereas most of the depots are composite, there are a number of operations which, by virtue of their size or specialism, demand dedicated operation in terms of either transport or vehicles. In effect, it is contract distribution and such operations are running on behalf of both manufacturing and retail clients," SPD said.

Included in the SPD Group's more specialised operations is Carrycare which offers what it describes as "an integrated care concept in distribution." The company identifies market sectors, where product care and security are of prime importance to both the consignee and consignor, and then develops a comprehensive distribution package which includes loading, handling and security techniques, allied to pick and pack, order processing and stockholding facilities.

Established in 1976, Carrycare developed the first nationwide distribution service of china and glassware on behalf of major manufacturers such as Royal Doulton, Wedgwood and Aynsley China, plus specialised services for major retailers of the products like Debenhams, Littlewoods and Asda. Other traffics now include hi-fi equipment, domestic electrical and white goods.

Phillip Hastings

National Carriers

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and has a turnover of some £200m.

Agreeing that there is something of an overlap between the services provided by BRS and National Carriers Contract Services, Mr Rivett said that while both were to some extent involved in both contract hire and distribution there was a difference in emphasis.

"We really concentrate more on the top end of the market, looking to develop sophisticated total distribution schemes, while BRS is much more into contract hire of vehicles," he said.

"Also, as far as the NFC as a whole is concerned, it makes sense that if it has a market leader like BRS in the field of contract hire then it should have a number two in the same market to cater for customers who like to have an alternative."

As far as the contract distribution customers of Contract Services were concerned, he continued, the pattern of operations varied considerably. Some clients used different distribution companies in different regions, while others preferred to take a national approach.

In the former category, for example, Contract Services handles the distribution of Kellogg's cereals to customer outlets in the North East of England and Cumbria.

The National Carriers company operates a purpose-built warehouse at Gateshead to serve the delivery area, this warehouse having a computer terminal which is linked to the Kellogg's computer for all delivery documentation, order picking notes and stock control. Contract Services receives, warehouses and distributes the Kellogg's products.

For Woolworth, Contract Services provides three distinct operations to cater for the customer's requirement that merchandise be collected from its suppliers and delivered to its retail stores throughout the UK.

Merchandise not requiring warehousing is collected from the suppliers into four transhipment centres where it is sorted for distribution to individual stores. Contract vehicles based at the transhipment centres are used for collection and delivery.

Merchandise requiring warehousing is received into two distribution centres, at Castleton in North West England and Swindon, Wiltshire. From those centres, contract vehicles collect from suppliers and deliver direct to those stores situated close by, while remaining areas of the UK are served by contract vehicles based at National Carriers satellite depots.

Containers or trailers are loaded with merchandise, presorted to individual stores and trunked by Freightliner or road for final delivery by the outbased contract vehicles.

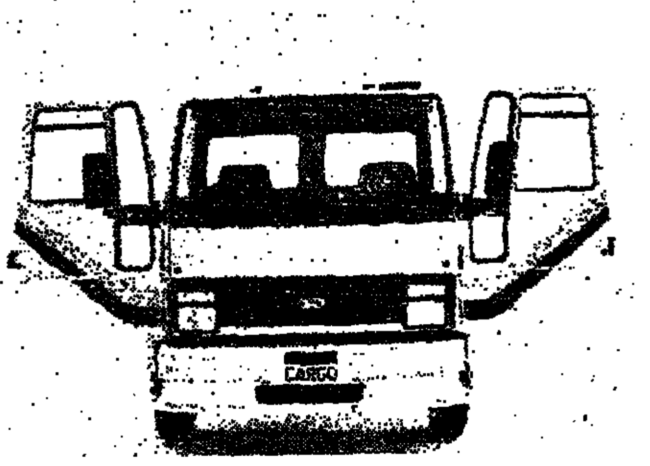
Contract Services also operates a specialised furniture distribution service for Woolworth, centred on a purpose-equipped warehouse at Burnley, Lancashire.

P.H.

Mr Paul Rivett, Contract services managing director: in charge of 2,000 vehicles, 1,000 staff and turnover of more than £50m

Work at National Carriers' depot in Derby

Leyland's T45 roadtrain.



Ford's Cargo truck.

Truck manufacturers: UK companies retain grip on sales to large fleets

Patriotic buyers relieve gloom

GLOOM HAS been a universal sentiment amongst commercial vehicle manufacturers selling in Britain over the last three years. For UK-based truck producers the story has been, relatively, even grimmer.

Penetration by overseas vehicle makers has grown, in percentage terms, during a period of contraction in total UK sales.

Domestic producers might be more despondent still if it was not for the loyalty of fleet buyers. In the late 1960s when foreign truck builders began their assault on the British market, the allegiances of small transport operators were swayed first.

Owner-driver haulage contractors, concerned about performance and reliability, were attracted by the newly available Volvo and Scania trucks from Sweden. The high level of refinement and cab comfort in the imported vehicles would often clinch a sale where the haulier had lingering doubts.

In the large — and not so large — fleets, British marques continued to hold sway. Fleet users frequently run their own workshops, where they hold stocks of fast-moving (regularly needed) parts, in which substantial sums are invested. Fitters are invariably sent for training, at considerable expense, in the servicing and repair of the appropriate manufacturer's engines, gearboxes, axles and chassis components.

There is, in fact, a solid commitment to the chosen make of vehicle, which is not easy to shed. The larger the fleet, the more binding are such commitments. Changing from Ford to Mercedes-Benz in a 100-vehicle fleet, for example, would be a long and initially costly exercise.

Reluctance to switch from British to foreign vehicles is widespread in large fleets for other reasons. Managing directors of major vehicle-using industrial concerns are more likely to heed government exhortations, political pundits and the Confederation of British Industry to "buy British," than are smaller enterprises. A public company which stops buying British ERFs in favour of imported DAFs, for example, is likely to antagonise at least a proportion of its shareholders.

If a nationally-known producer of branded goods, whose product is publicised on the sides of its delivery vehicles, "goes foreign," the eyebrows of its customers are likely to be raised—some in disapproval.

A distinction needs to be made between light and middle-weight vehicles, up to say 16 tons all-up weight, on the one hand and heavier chassis on the other, when it comes to British versus foreign fleet-buying patterns.

Image

Patriotic and image-conscious companies have shown themselves more ready to buy Swedish, German, Dutch, Italian or French chassis for maximum-weight long-haul trunk operation than for "high visibility" urban distribution work.

Names like Express Dairy and J. Sainsbury are to be seen on the sides of Dutch DAFs; Volvos are running in the Tesco and Bass Charrington fleets; Scanias carry Walls ice cream; Mercedes vehicles deliver Robertson's jam and British Home Stores merchandise; Glaxo products are distributed in German - engined, Italian - built Magirus - Deutz machines. The reasons given for their choice of overseas heavy chassis are numerous.

High levels of cab comfort in continental vehicles bring demands for their adoption, from unions representing driver interests. Efficient after-sales support and parts availability, particularly in the event of a breakdown on the road many miles from base, has also proved a powerful marketing weapon for the importers. Patriotism and company image are subjugated in the interests of reducing transport costs.

Whether a truck is foreign or not is itself sometimes open to debate. Like the Honda-engineered Triumph Acclaim car, a number of Volvo's heavy chassis models are now nominally British. They are assembled in Scotland from predominantly Swedish components. As such they are perceived as politically "clean" by patriotically-sensitive fleet buyers.

Volvo's position as UK market leader in the 28 tons-plus truck segment, ahead of all other contenders, British and foreign, is certainly less dominant if operators running say 15 heavies or less are excluded. No precise statistics are available relating sales volumes to fleet size for individual makes of chassis.

The main domestic contenders above 28 tons, ERF, Seddon - Atkinson, Leyland Vehicles, Vauxhall - Bedford, Ford and Sandbach Engineering (Foden), are unquestionably more popular than their importer rivals in the larger fleets. Among own-account (manufacturer/trader) users the pro-British feeling is more apparent than in haulage fleets.

At lower weights, notably below 16 tons gross, domestic truck makers have suffered far less at the hands of the importers. In the strongly-contested eight to 15 ton segment, foreign penetration has been negligible. Only Renault, Fiat (Iveco) and Mercedes offer chassis in this category and the small numbers sold have tended to go to small own-account concerns wanting to be different.

Competition

In contrast, Ford, Bedford, Dodge (jointly Renault-Peugeot owned) and Leyland sell large volumes of chassis. Competition between the four UK-based contenders for eight-15 ton business is fierce, with Ford's new-generation Cargo range and Bedford's TL models vying for the lead. The Dodge Commando 2 has begun to make an impact, while Leyland's up-to-15 ton Freighter chassis launched last October are set to boost BL's fortunes in a sector where the superseded Boxer models had become outdated.

Each manufacturer tends to have its own area of strength in the market. At 12 to 13 tons gross, Bedford has been dominant for many years and remains so, thanks in part to strategic pricing by General Motors' UK commercial vehicle subsidiary—now a separate division from Vauxhall Cars.

Ford, the overall UK market leader in commercial vehicles of all sizes and weights—with a 36.9 per cent numerical share in 1982—is strongest in the 2.5 to 3.5 ton gross sector. The company's ubiquitous Transit, now an 18-year-old design, took 37.7 per cent of the market last year, in the face of tough competition from Bedford, Volkswagen, Mercedes-Benz, BL Sherpa and, from Japan, Toyota and Nissan.

At 7.5 tons gross—the weight above which drivers are required to hold a heavy goods vehicle licence—the lighter Cargo chassis is gradually reasserting Ford's traditional strength, established by the former D-series range. Again Bedford provides the main competition, along with Dodge and Leyland, and imports from Mercedes and Fiat.

Between the 3.5 ton and 7.5 ton key gross weights is a "no man's land" where, for legislation reasons, sales potential is widely thought to be limited. Mercedes-Benz with its Duesseldorf vans/chassis and Dodge with the 50-series models have, however, recorded burgeoning sales, in relation to market patterns at large. Ford is in contention with its A-series, though sales have been disappointing, by Ford's ever-ambitious standards.

Sales of car-derived vans have remained relatively buoyant during the recession, a reflection of the way in which consumer spending has been maintained, leading to prolonged business activity for the small trader. The last two years have seen Ford replace its best-selling Escort van with a new model based on the new front-wheel-drive Escort car. Bedford has also gone fwd, replacing its Chevette-derived light commercial with the compact Astra van, though for users more concerned with load volume than refinement, the 19-year-old HA van remains available.

Alan Bunting

Trucking to the Middle East: a precarious market but the rewards are high

Ports closure boosts business for hauliers

TRUCKING BRITISH exports to the Middle East has for a decade been the most lucrative side of the UK haulage industry. Although the trade has declined, it remains a money spinner for those hauliers who have concentrated on and survived in the market.

In common with all high-return markets, it is a precarious one. One of the hardest aspects of managing a road haulage operation over such long distances is the problem of obtaining accurate, up-to-date route information.

Conditions in the Middle East are liable to such rapid change that the Department of Transport has discontinued publication of a Middle East section in its guide for taking lorries abroad.

Most regular operators maintain a string of local agents to provide them with the information they need and, although these intelligence networks push up haulage costs they are generally regarded as vital to the survival of enterprise in regions where British trucks have been reported, inaccurately, to have been bombed in a Lebanese battlezone.

Continued hostilities between Iraq and Iran, with the consequent closure of seaports in the Gulf, has resulted in a trailer boom into the region of unprecedented proportions.

Retrenchment

Although Iraqi imports began to falter last year, as the rising cost of the war took its toll and are set to fall even further this year in line with an Iraqi Government retrenchment of large construction project contracts, trade with Iran seems likely to grow in the coming months.

"Intelligent comment is that the sleeping giant of Iran is beginning to stir. It is not yet the land of milk and honey, and there is no room for over-optimism, but we are getting a lot of enquiries at the quote stage and we are looking forward to these being translated into firm orders later in the year," the international truck control manager of a major UK freight forwarding company says.

The haulage market, however high-risk, remains sufficiently lucrative to attract large numbers of operators into the area. The domestic recession which has induced many UK trucking companies to carve their way into Continental markets has had a knock-on effect under European recession, forcing hauliers ever further south in search of profits. There have been reports of Scandinavian vehicles plying for British export consignments trans-shipped out of Holland.

Freight rates competition is severe, with tariffs for a full trailer load to Turkey varying by a wide margin of as much as £1,100. One overland groupage company, Astran Cargo Services, this month took the unprecedented step of publishing its rates to Baghdad, Doha and Riyadh together with those of 11 of its major competitors in the newspaper International Freighting Weekly.

A further bout of tariff-slashing may be expected as all 12 companies react to the inevitable customer response to this advertisement.

High overheads incurred by the larger companies in such areas as warehousing and storage, customs bonding facilities, depot maintenance and fleet investment are a further inducement to cut-price competition.

At the bottom end of the market are the sub-contract hauliers, often owner-drivers with a single vehicle and low overheads, and rates wars are frequent.

Bottomline haulage, as many exporters have found to their cost, can prove a very expensive business, however, when trucks break down in remote areas or, worse, simply disappear—along with their cargoes. The road to Damascus is littered with the casualties of inexperienced, misinformed or merely unlucky trucking ventures.

Regular operators complain bitterly about the cowboy competitors who take away their traffic by quoting undercut rates: "I have to pay fleet maintenance costs, but when someone else's truck breaks down in the desert because it is totally unsuited to being driven in those conditions my drivers have to stop and help. This means wasted effort maybe even towing a competitor's truck all the way to Baghdad, delaying my delivery time and costing me even more money," the managing director of a specialist groupage operation points out.

Delays

Despite quoted delivery times of between 14-15 days dependent on destination, delays are frequent.

This winter exceptionally heavy snowfalls on the Bulgarian-Turkish border have held up traffic by as much as three days. The bad weather has also been reported as far south as Jordan and Syria.

Sudden border closures due to fluctuating political situation and road closures because of movements of military traffic, as well as the prospect of wolves in the mountains of Turkey, are all factors which have to be considered by this industry in which speed and security of delivery are of prime importance.

When the Middle East trucking bubble is likely to burst depends largely on the cessation of the Iran-Iraq war and the subsequent reopening of Gulf ports.

The shipping lines, which have lost much business to surface transport in recent years, are poised to strike back at the market, but meanwhile new haulage services are springing up almost every week.

Meanwhile, it is likely that the eastern Mediterranean ports which are being developed for roll-on roll-off ferry freight traffic to bypass Turkey and drive directly into the deep Gulf regions will continue to experience growth for some years to come.

Leigh Stoner